

CITY OF POWDER SPRINGS, GEORGIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

Prepared by:
Finance Department

Submitted by:
Pam Conner
City Manager

CITY OF POWDER SPRINGS, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	Page Number
INTRODUCTORY SECTION	
Letter of Transmittal.....	i-viii
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Organizational Chart	x
Listing of Elected and Appointed Officials	xi
FINANCIAL SECTION	
Independent Auditor's Report.....	1-4
Management's Discussion and Analysis	5-17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	18
Statement of Activities.....	19
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Position – Proprietary Funds	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	24
Statement of Cash Flows – Proprietary Funds	25
Notes to Financial Statements	26-53
Required Supplementary Information:	
Schedule of Changes in Total OPEB Liability and Related Ratios	54
Schedule of Changes in the City's Net Pension Liability and Related Ratios	55
Schedule of City Contributions.....	56
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis).....	57
American Rescue Plan Act Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)	58
Notes to Required Supplementary Information	59
Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61

CITY OF POWDER SPRINGS, GEORGIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	Page Number
Individual Fund Statements and Schedules (Continued):	
Police Seizure Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)	62
Hotel/Motel Tax Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)	63
Opioid Settlement Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (GAAP Basis)	64
Downtown Development Authority Fund – Schedule of Revenues, Expenditures, and Changes in Balances – Budget and Actual (GAAP Basis)	65
Schedule of Expenditures of Special Purpose Local Option Sales Tax.....	66
STATISTICAL SECTION	
Net Position by Component	67 and 68
Changes in Net Position	69-72
Governmental Activities Tax Revenues by Source	73
Fund Balances of Governmental Funds	74 and 75
Changes in Fund Balances of Governmental Funds.....	76 and 77
Assessed Value and Estimated Actual Value of Taxable Property.....	78
Property Tax Rates – Direct and Overlapping Governments	79
Principal Property Taxpayers.....	80
Property Tax Levies and Collections	81
Ratios of Outstanding Debt by Type	82
Direct and Overlapping Governmental Activities Debt	83
Legal Debt Margin	84 and 85
Demographic and Economic Statistics.....	86
Principal Employers	87
Full-time Equivalent City Employees by Function.....	88 and 89
Operating Indicators by Function/Program	90
Capital Asset Statistics by Function/Program	91
COMPLIANCE SECTION	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	92 and 93
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	94 and 96
Schedule of Expenditures of Federal Awards	97
Schedule of Findings and Questioned Costs	98-100
Management's Corrective Action Plan	101

INTRODUCTORY SECTION



December 28, 2023

Honorable Al Thurman, Mayor,
Members of the City Council,
and Citizens of Powder Springs, Georgia

On behalf of the finance team, I submit the Annual Comprehensive Financial Report of the City of Powder Springs, Georgia, for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds. This report has been prepared in accordance with generally accepted accounting principles. All disclosures necessary to enable an interested reader to gain the maximum understanding of the government's financial activities have been included.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Powder Springs for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Powder Springs' financial statements for the fiscal year ended June 30, 2023, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of the report.

The Annual Comprehensive Financial Report is presented in the following sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, a list of principal officials, and the City's organizational chart. Management's discussion and analysis (MD&A) immediately follows the independent auditor report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The financial section includes the MD&A, basic financial statements, individual fund and financial statements and schedules, as well as the auditor's report on the financial statements and schedules. The notes presented in the financial section are an integral part of this annual comprehensive financial report and should be read for a better understanding of the statements and data presented within. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

PROFILE OF THE GOVERNMENT

Powder Springs, incorporated in 1838 as Springville and later renamed City of Powder Springs in 1859, is located in west-southwest Cobb County approximately twenty-two miles northwest of Atlanta and ten miles southwest of Marietta. The City is a municipal corporation created under the laws of the State of Georgia and has as its formal name "The City of Powder Springs, Georgia." A Mayor and a five-member City Council conduct the affairs of the City. The mayor and two Council members are elected citywide, and the remaining three Council members are elected by separate wards. Policy-making and legislative authority are vested in the City Council, all elected on a non-partisan basis. The Council appoints the government's manager, who in turn appoints the heads of the various departments.

The City Manager, who is appointed by the Mayor and Council, oversees the day-to-day operations of the City and ensures the smooth and efficient delivery of city services. All activities and functions of the City are administered by the City Manager and are under the jurisdiction of the Mayor and City Council, as set forth in State and local law.

The City provides a full range of services to approximately 18,000 residents. These services include public safety (police); community development; highways and streets; sanitation; recreation and cultural affairs, public improvements; code enforcement, planning and zoning; and general administrative services. The City is one of seven incorporated municipalities within Cobb County.

The Powder Springs Downtown Development Authority has met the established criteria for inclusion in the reporting entity and is reported as a blended component unit.

LONG TERM FINANCIAL PLANNING

As detailed within the following financial statements, the City's policy is to maintain a healthy General Fund balance to maintain the City's operations for about 6 months. The unassigned fund balance of the General Fund at June 30, 2023 of \$21,042,550 is currently 240% of fiscal year 2023 General Fund expenditures or 22.1 months of the current year's operating expenditures. This balance includes just over \$7 million that the Mayor & Council plans to use for future capital needs. This reserve balance is necessary for periods of weak revenues and emergency situations as well as capital planning. As part of the financial strategic plan, the government is committed to a consistent millage rate for property taxes to facilitate the provision of city services. The City's operating millage rate for fiscal year 2023 was 9.5. The City also offers residents a "floating" exemption of property taxes, which maintains the taxable value of the property as long as the resident continues to own the property. Upon sale of the property, the taxable value is set at the assessed value.

LOCAL ECONOMY

Powder Springs is primarily dependent on residential property values to fund City services. Approximately 80% of the tax digest is derived from residential property and 18% from commercial property with the balance derived from industrial or other property. There was an increase from the total assessed taxable value in FY23 with a net tax digest increasing by 13.61% to a taxable value of \$571,873,492. The 2023 tax digest was approved by the Cobb County Board of Equalization on June 29, 2023.

The City issued 99 new residential Building Permits in Fiscal Year 2023 along with 2 new commercial permits, 18 multi-family buildings (521 apartment units) and 331 renovation or trade permits and other permits (i.e., clubhouse), with the investments valued at approximately \$137 million. The value of all permits issued in Fiscal Year 23 resulted in a 176% increase over investment in Fiscal Year 2022.

MAJOR INITIATIVES FOR THIS YEAR

COVID-19 Funding Assistance – American Rescue Plan Act

Congress authorized the disbursement of Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act (“ARPA”) to aid local government in responding to and recovering from the coronavirus pandemic, with funding made available in FY22. In FY23 the City completed drainage repairs at Country Walk Drive, Ten Oaks Court, Hollow Stream Trail, and Nectar Drive, completed 3,500 stormwater inspections in preparation for a stormwater capital improvement plan, through Reflections of Trinity distributed 9,000 food boxes to local families and 7,000 weekend food bags to at-need students, through GoodR store at Tapp Middle School provided food to over 397 families, through Communities in Schools tutored 13 students during the school year, coordinated with 33 students and completed a summer reading program for 15 students, and enrolled over 400 citizens in the FlashVote citizen engagement tool to complete citizen and employee surveys, conducted an initial diagnostic review of a potential railroad quiet zone and applied to participate in a public safety mental health co-response program. These initiatives totaled nearly \$771K in spending of ARPA funds in FY 2023.

Water and Sewer

The City received the fourth of ten annual payments of \$550,000 in FY23 resulting from the sale of the City’s water and sewer services and infrastructure in FY19. The annual payments made each July at the outset of the fiscal year will conclude with the final payment in July 2028.

Redevelopment and Planning

During this fiscal year, the City continued its partnership with the Downtown Development Authority to facilitate redevelopment of the downtown. The Atlanta-based Novare Group began construction of 221 apartments that make up its \$38-million investment on 6.3 acres of downtown property immediately adjacent to Thurman Springs Park and one block south on Hotel Avenue. The DDA retains ownership of an approximate 5,000 square foot parcel at the corner of Marietta Street and Pineview Drive, which it will market for commercial redevelopment beginning in FY24 following completion of the multi-family development.

Construction continued at Heartwood Powder Springs, a 20-acre development project at Brownsville Road by Selig Development that provides 300 upscale apartment homes. This \$56 million investment in FY23 includes future development parcels and will welcome residents in FY24.

Construction commenced on a 347,000-square foot logistics warehouse on property previously annexed by the City at Oglesby Road and C.H. James Parkway. This \$35-million investment can serve warehousing, distribution, light assembly, manufacturing, or some combination of uses. Built near the intermodal rail facility, it is scheduled for completion in FY24 and is expected to generate up to 200 jobs.

City Hall

Following the unexpected delays and difficulties with a design-build process that resulted from the pandemic supply chain issues and growing inflation, the City terminated the initial contract and in FY23 engaged an architect to complete the 50% design documents and issued an RFQ/RFP pricing proposal to select a construction contractor to build the new facility. The Macallan Group was awarded the contract and the first phase of work commenced late FY23 with the purchase of the steel needed for the parking deck. Construction will continue in FY24 and is expected to be completed in the 2nd or 3rd quarter of FY25. The \$13M facility will be home to Municipal Court, Community Development, Economic Development and Administration and will include a two-level parking deck containing 120 spaces.

Financial policies

Following adoption of various financial policies, including an investment policy, the City took advantage of rising rates that occurred during and after the City's first investments made outside of Georgia Fund 1 in FY23. Compared to the \$55,000 investment income in FY22, the City realized over \$900,000 in investment income in FY23.

Moody's Investors Services upgraded the City of Powder Springs' bond rating to Aa1 from Aa2. The upgrade reflects the City's healthy financial operations and trend of growing reserves, which have been supported by conservative management and consistent revenue growth. The rating also incorporates the City's stable local economy, average resident income, and full value per capita that is below comparably rated peers. An improved Moody's rating on municipal bonds allows the City to access the bond market at more favorable terms, such as lower interest rates. This can result in substantial cost savings over the life of the bonds to the taxpayers. The improved rating also reflects the City's strengthened financial position, making it easier to secure funding for critical infrastructure projects, such as transportation and public facilities. These projects stimulate economic growth, create jobs, and improve the overall quality of life for residents.

Parks, Recreation and Cultural Affairs

The City completed a park pavilion for community use and rental in FY23. Three existing non-used baseball fields were removed, and other grading completed in order to install the next phase of park improvements of additional parking and electrical outlets to support a farmers market/food truck venue and a dog park. The 2nd phase design was completed in FY23, and application made for grant funding from the Land and Water Conservation Fund to help offset the park improvement costs. If selected for funding assistance, the City will begin the final phase of Powder Springs Park improvements in late FY24 or FY25.

Thurman Springs Park was home to a full schedule of concerts and events in FY23 beginning with the July 4th celebration. The 3rd annual Bring the Sea to the Springs was held May 2023, kicking off continued events and concerts, including the newly established Juneteenth event as well as a private event produced by a promoter to conduct the first ever ticketed event in the park. The City expects to introduce a new event in FY24, the Hispanic Heritage Festival, and expand private ticketed event opportunities.

Construction of the Pineview-Dillard Trail and Trailhead from the Silver Comet Trail to downtown Powder Springs began in FY23 and is expected to be substantially completed by 1st quarter of FY24. (The final 50-foot section near Thurman Springs Park will be installed when the city hall project is completed). Additionally, trailhead and wayfinding signage is expected to be completed

in FY24. The Silver Comet Trail is one of the City's prime assets and the connection will provide a safe connection directly to downtown to help economic development efforts. Many years in the making, the design of a world class skatepark was completed and construction commenced in FY23. The \$2M project was installed by California Skateparks at the location of the climbing structure in the Silver Comet Trail linear park by the Powder Springs Road tunnel. It was designed to include options for all levels of users and be a venue that the world skate organization could certify. Construction is anticipated to be finished with park open to users in the 1st quarter of FY24.

Road Improvements

The City approved over \$900,000 of resurfacing projects under its SPLOST and Local Maintenance & Improvement Grant (LMIG) program to resurface Old Austell Road, Grady Grier Dr, Mustang Drive, Evelyn Drive, Oglesby Road, and areas of Powder Springs Road. Additionally, right-of-way acquisition for intersection improvements on Sailors Parkway at Powder Springs Road and Forest Hill Road began in FY23. The project will include a parallel access road, traffic signal, median, sidewalks and signage. Construction is anticipated to commence in FY24 with completion in FY25. Safety improvements were completed this fiscal year at the driveway on Marietta Street to remove hazardous turning movements, and Brownsville Road improvements from Hiram Lithia Springs Road to CH James Parkway began and were substantially completed in FY23 (with final completion targeted for early FY24.) The work included new curb and gutter, turning lanes, milling and resurfacing, pavement striping, and marking and signage work. Construction costs are \$1.6 million.

Police Certification

The City continued the review of policies, documentation of proofs for Certification standards, and coordination of a mock assessment in FY23 in its efforts to seek re-certification. It expects to complete the actual Certification assessment in FY24 with state review and approval anticipated for FY25.

2022 SPLOST

The City began receiving the 2022 SPLOST program dollars in FY22 and utilized the initial funds to repay the City in FY23 for a loan made to secure public safety equipment, including lasers and laptops. In FY23 the 2022 SPLOST funds were used to fund road resurfacing, which happens each year. The City updated the road rating program in FY23 from which to select roads for annual resurfacing using SPLOST, Local Maintenance and Improvement Grant funds and General Fund dollars. Cobb County began withholding funds from the 2022 program to pay for the design, upgrade and replacement of traffic signals on Marietta Street at Brownsville Road and at New Macland Road. These signals were previously owned by the Georgia Department of Transportation. At the City's request, Cobb County agreed to assume ownership and maintenance if the City funded the upgrade and replacement of the signals to the county's standards.

Moratorium on Rezoning

In its efforts to facilitate growth and development for long-term sustainability and diversification of its tax base, the City paused acceptance of new residential rezoning applications in the 2nd quarter of FY23. The council renewed its action during the fiscal year and anticipated an additional hold until early FY24. During this period, the City completed a planning, zoning and growth management review to determine if any proposed amendments are needed to be made to the City's Comprehensive Plan, LCI Plan, Unified Development Code, or other city codes. The moratorium on new residential rezonings did not affect any pending development proposals that

had already been filed with the City and were in the process to be considered by the Planning & Zoning Commission and the City Council. Nor did the moratorium pause any residential projects previously approved by the City Council or prevent the permitting of such approved developments. All studies are scheduled for completion in early FY24 after which the moratorium is expected to be removed.

INITIATIVES FOR FUTURE YEARS

COVID 19 Funding Assistance – American Rescue Plan Act (ARPA)

The City will continue to implement projects under the ARPA program with relief efforts to address food insecurity and the learning gap as well as continued citizen surveys, stormwater assessments and repairs and infrastructure improvements in the downtown. Additionally, the City plans to begin implementation of the mental co-response initiative with the county, to work with Norfolk Southern for establishment of a quiet zone and to develop an attainable housing plan to preserve existing housing stock.

Redevelopment

The City will continue its work with the DDA to sell DDA-owned properties to fulfill its redevelopment plans. Additionally, it will work with the Development Authority of Powder Springs (DAPS) to work on annexation initiatives and to market for development the commercial parcel owned by DAPS on Powder Springs Road.

The City will continue renovation and construction of the new municipal facility and parking deck, complete a truck route study for proper establishment of truck routes, install temporary parking in the downtown, and continue efforts with the GDOT for a signalized intersection on C.H. James Parkway near Oglesby Road. A signalized intersection at this location will support distribution of goods and products as well as facilitate truck movement directly to and from U.S. 278 and away from local roads.

Road and Facility Improvements

The City will continue its resurfacing program using its updated road rating system, will commence construction of the Dallas Powder Springs and Florence Road roundabout, the safety improvements at Forest Hill and Powder Springs Road, and the intersection improvements at Macedonia and New Macland Road. Design will begin in FY24 on the Old Lost Mountain trail connector and the Austell Powder Springs Road roundabout as the City implements grant funding received for both projects, and the City will begin phase II of the Powder Springs Park improvements. Brownsville Road improvements will be fully complete, and planning will commence for the assessment of intersection improvements at various locations recommended to mitigate increasing traffic occurring outside of the City as well as additional traffic that will result when approved developments are completed.

Service Delivery

Negotiations with the county and cities will begin in FY24 as the governing bodies assesses inequities that may exist because of duplication of services. Work will include an analysis of services, the associated financial arrangements, and subsequent negotiations to finalize an updated Service Delivery Strategy per the requirements of state law.

INTERNAL CONTROLS

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safety of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the evaluation of costs and benefits requires estimates and judgements by management. All internal control evaluations occur within the above framework.

BUDGETARY CONTROLS

The City maintains budgetary controls to ensure compliance with legal provisions of the annual appropriated budget approved by the City Council. Activities of the General Fund and enterprise funds are included in the annual appropriated budget. Capital projects are budgeted on a project length basis and are approved by the Council at the time the projected is accepted. The official level of city budget control (the level on which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is the department level within each fund. Administrative transfers of appropriations within a department may be authorized by the Department Head to meet unforeseen needs. Transfers of appropriations between departments or functions within a fund are reviewed with the City Council prior to approval. The City's budget procedures are more fully explained in the accompanying notes to the financial statements. The City maintains an encumbrance accounting system as one means of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to the ensuing year's budget on a case-by-case basis. The City rolled over \$2,131,596 of encumbrances in its Capital Projects Funds.

AWARDS AND ACKNOWLEDGEMENTS

Awards

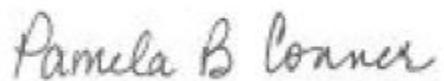
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Powder Springs, Georgia for its Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. In order to be awarded the certificate, a government must publish an easily readable and efficiently organized report with contents that conform to program standards. Such reports must also satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report for fiscal year ended June 30, 2023 again meets the requirements of this program, and we are submitting it to GFOA to determine its eligibility for certification again.

Acknowledgments

The preparation of the certified annual comprehensive financial report was completed by Travis Sims, Finance Director and Glenda Lehner, Senior Accountant, the City's auditors, and the cooperation of City staff. My sincere appreciation is extended to everyone for the contributions made in the preparation of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Pamela B Conner". The signature is fluid and cursive, with "Pamela" on the first line and "B Conner" on the second line.

Pam Conner
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Powder Springs
Georgia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

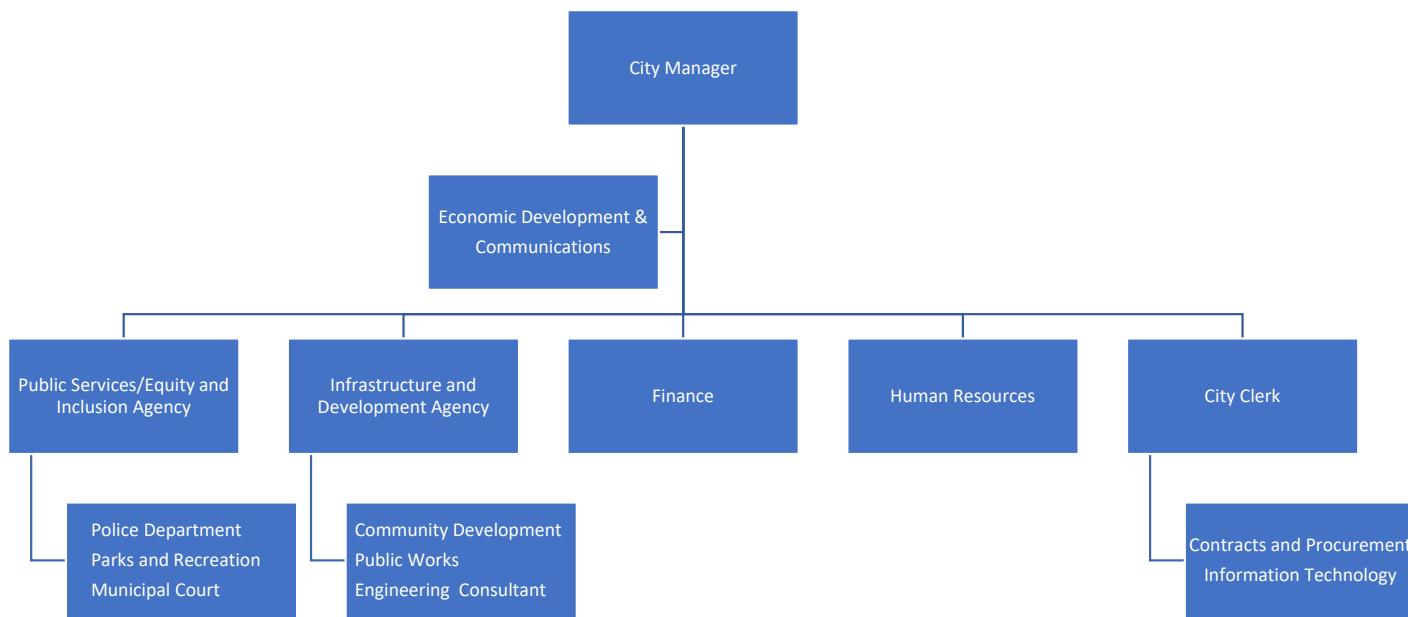
June 30, 2022

Christopher P. Monell

Executive Director/CEO

CITY OF POWDER SPRINGS, GEORGIA

JUNE 30, 2023



CITY OF POWDER SPRINGS, GEORGIA

LIST OF ELECTED AND PRINCIPAL OFFICIALS

June 30, 2023

CITY COUNCIL

Al Thurman	Mayor
Patrick Bordelon	Council Member
Patricia Wisdom	Council Member
Henry Lust	Council Member
Doris Dawkins	Council Member
Dwayne Green	Council Member

CITY ADMINISTRATION

Pamela Conner	City Manager
William Tanks	Agency Director-Equity & Inclusion
Travis Sims	Finance Director
Dwayne Eberhart	Public Works Director
Lane Cadwell	Chief of Police
Tina Garver	Community Development Director
Rosalyn Nealy	Human Resources Director
Kelly Axt	City Clerk
Tracie Jackson	Municipal Court Clerk
Gregory Doyle Calhoun & Rogers	City Attorney
Travis Landrum	Parks & Recreation Director
Eric Meyer	Agency Director-Development & Infrastructure

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members
of City Council
City of Powder Springs, Georgia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Powder Springs, Georgia** (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in total OPEB liability and related ratios, the schedule of changes in the City's net pension liability and related ratios, the schedule of City contributions, the General Fund budgetary comparison information, and the American Rescue Plan Act Fund budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the schedule of expenditures of special purpose local options sales tax proceeds, as required by the Official Code of Georgia 48-8-121, and the schedule of expenditures of federal awards as required by Title 2, U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



Atlanta, Georgia
December 28, 2023



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

The Management's Discussion and Analysis of the City of Powder Springs Government's Annual Comprehensive Financial Report (ACFR) provides an overall narrative and analysis of the City's financial statements for the fiscal year ended June 30, 2023. This discussion and analysis is designed to look at the City's financial performance as a whole. Readers should also review the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- ◆ The City's combined net position totaled \$73,706,509, an increase of \$6,013,190 over the 2022 net position. Of this amount, unrestricted net position of \$33,160,584 may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ Combined revenue totaled \$23,243,186, of which governmental activities totaled \$20,959,900 and business-type activities totaled \$2,283,286.
- ◆ Overall expenses totaled \$17,229,996 of which governmental activities totaled \$15,056,958 and business-type activities totaled \$2,173,038.
- ◆ At the end of June 30, 2023, governmental activities expenses exceeded program revenues by \$4,229,549. Operating expenses in excess of charges for services and grants & contributions are funded using general revenues (mostly taxes). Governmental activities net position increased by \$5,915,410.
- ◆ Total business-type activities revenues exceeded business-type activities expenses by \$76,901, with miscellaneous revenues and transfers increasing this amount by \$20,879. The resulting value is an increase of \$97,780 to business-type net position.
- ◆ The investment in capital assets, net of related debt, for government activities increased by \$1,590,792 over the 2022 investment amount. The investment in capital assets, net of related debt, for business-type activities decreased by \$5,757.
- ◆ At June 30, 2023, the City's General Fund reported an unassigned fund balance of \$21,042,550, an increase of \$2,055,493, over the prior fiscal year's unassigned fund balance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the economic condition at the end of the fiscal year. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means the statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. There are two government-wide financial statements, the Statement of Net Position and the Statement of Activities which are described below.

The government-wide *Statement of Net Position* presents information on all of the City's assets, deferred outflows/inflows of resources, and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Evaluation of the overall health of the City extends to other nonfinancial factors such as diversification of the taxpayer base or the condition of infrastructure.

The government-wide *Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expense and program revenues for each function of the City. An important purpose of the design of this statement is to show the financial reliance of the City's distinct activities or functions on revenues provided by the City's taxpayers.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and business-type activity revenues that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities include general government, judicial, public works, culture and recreation, public safety, and housing and development. The business-type activities include sanitation and storm water operations.

The government-wide financial statements include not only the City of Powder Springs Government itself but also a legally separate Powder Springs Downtown Development Authority for which the government is financially accountable. Financial information for this component unit is reported within the nonmajor governmental fund of the primary government itself.

The government-wide financial statements are presented on pages 18 and 19 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. All of the funds of the City can be



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

divided into two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds

Most of the basic services provided by the City are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the City's finances that assists in determining whether there will be adequate financial resources available to meet the City's current needs.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Major funds are reported separately. The City's major funds include the General Fund, American Rescue Plan Act Fund, the 2016 SPLOST Fund, 2022 SPLOST Fund, the Capital Projects Fund, and the Downtown Development Fund. The basic governmental fund statements are presented on pages 20 to 22 of this report.

Proprietary Funds

Proprietary funds are used to account for activities that operate similar to those commercial enterprises found in the private sector. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds use the accrual basis of accounting, thus there is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Sanitation Fund, which is considered to be a major fund of the City and the Storm Water Fund. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's retirement system and postemployment benefit plan funding progress and budget presentations. General Fund budgetary comparison schedules are presented and demonstrate compliance with the City's adopted and final revised budget. Required supplementary information can be found on pages 54 to 59 of this report.

Government-wide Financial Analysis

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's combined net position (government and business-type activities) totaled \$73,706,509 at June 30, 2023. The following table provides a summary of the City's governmental and business-type net position for fiscal years 2023 and 2022:

City of Powder Springs Statement of Net Position							
	Governmental Activities		Business-Type Activities		Total		Percent
	2023	2022	2023	2022	2023	2022	
Assets:							
Current assets	\$ 50,284,117	\$ 44,374,831	\$ 3,692,822	\$ 3,499,749	\$ 53,976,939	\$ 47,874,580	55%
Capital assets - net	\$ 43,241,096	\$ 40,721,476	\$ 749,928	\$ 755,685	\$ 43,991,024	\$ 41,477,161	45%
Total assets	\$ 93,525,213	\$ 85,096,307	\$ 4,442,750	\$ 4,255,434	\$ 97,967,963	\$ 89,351,741	100%
Deferred outflows of resources	886,606	270,163	95,993	9,816	982,599	279,979	100%
Liabilities							
Current liabilities	\$ 8,447,489	\$ 5,932,213	\$ 632,698	\$ 559,413	\$ 9,080,187	\$ 6,491,626	36%
Long-term liabilities (net)	\$ 15,777,072	\$ 14,612,255	\$ 178,847	\$ 10,761	\$ 15,955,919	\$ 14,623,016	64%
Total liabilities	\$ 24,224,561	\$ 20,544,468	\$ 811,545	\$ 570,174	\$ 25,036,106	\$ 21,114,642	100%
Deferred inflows of resources	201,372	751,526	6,575	72,233	207,947	823,759	100%
Net Position							
Invested in capital assets, net of related debt	\$ 27,769,043	\$ 26,178,251	\$ 749,928	\$ 755,685	\$ 28,518,971	\$ 26,933,936	39%
Restricted	12,026,954	2,517,865	-	-	12,026,954	2,517,865	16%
Unrestricted	\$ 30,189,889	\$ 35,374,360	\$ 2,970,695	\$ 2,867,158	\$ 33,160,584	\$ 38,241,518	44%
Total net position	\$ 69,985,886	\$ 64,070,476	\$ 3,720,623	\$ 3,622,843	\$ 73,706,509	\$ 67,693,319	100%

Note that in the above table, the inter-fund receivables and payables between governmental activities and business-type activities are not eliminated.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

The City's investment in capital assets such as land, buildings, equipment and infrastructure (roads, bridges, and sidewalks) less any related debt used to acquire those assets that is still outstanding comprise 39% of the City's total net assets. Investments in capital assets net of related debt increased by \$991,670 in fiscal year 2023. The City uses these capital assets to provide services to its citizens; therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental activities net position increased by \$5,915,410 in fiscal year 2023 over the 2022 position. The net position of business-type activities increased \$97,780 compared to the 2022 position. The City's overall financial position increased during fiscal year 2023 by \$6,013,190.

The following table indicates the changes in net position for governmental and business-type activities in fiscal year 2023 and fiscal year 2022.

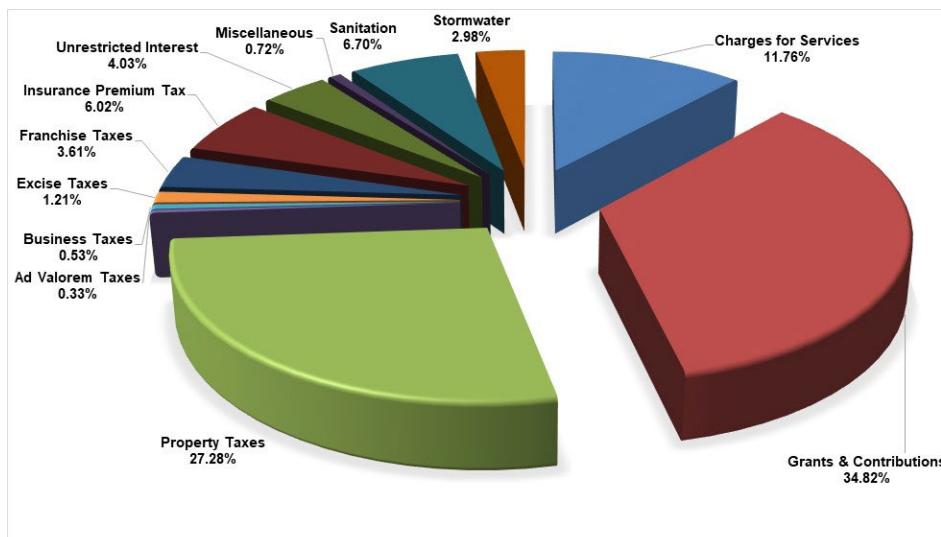
City of Powder Springs Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Percent
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program Revenues:							
Charges for Services	\$ 2,733,579	\$ 2,284,155	\$ 2,249,939	\$ 1,977,632	\$ 4,983,518	\$ 4,261,787	21.44%
Operating Grants & Contributions	1,185,719	413,037	-	-	1,185,719	413,037	5.10%
Capital Grants & Contributions	6,908,111	4,603,179	-	-	6,908,111	4,603,179	29.72%
General Revenues:							
Property Taxes	6,341,837	5,467,021	-	-	6,341,837	5,467,021	27.28%
Ad Valorem	76,019	50,715	-	-	76,019	50,715	0.33%
Business Taxes	123,183	213,581	-	-	123,183	213,581	0.53%
Excise Taxes	282,347	262,309	-	-	282,347	262,309	1.21%
Franchise Taxes	839,326	798,578	-	-	839,326	798,578	3.61%
Other Taxes	1,400,053	1,156,414	-	-	1,400,053	1,156,414	6.02%
Unrestricted Interest	902,770	46,251	33,347	1,476	936,117	47,727	4.03%
Miscellaneous	158,231	1,424,641	-	-	158,231	1,424,641	0.68%
Gain on sale of assets	8,725	-	-	47,531	8,725	47,531	0.25%
Total Revenues	\$ 20,959,900	\$ 16,719,881	\$ 2,283,286	\$ 2,026,639	\$ 23,243,186	\$ 18,746,520	100.00%
Expenses:							
General Government	\$ 3,456,003	\$ 3,869,886	\$ -	\$ -	\$ 3,456,003	\$ 3,869,886	20.06%
Judicial	368,081	346,765	-	-	368,081	346,765	2.14%
Public Works	4,739,932	3,690,328	-	-	4,739,932	3,690,328	27.51%
Culture and Recreation	1,251,044	954,460	-	-	1,251,044	954,460	7.26%
Public Safety	3,186,067	2,482,243	-	-	3,186,067	2,482,243	18.49%
Housing and Development	1,693,056	2,601,903	-	-	1,693,056	2,601,903	9.83%
Interest on Long-Term Debt	362,775	381,453	-	-	362,775	381,453	2.11%
Sanitation	-	-	1,569,895	1,442,069	1,569,895	1,442,069	9.11%
Stormwater	-	-	603,143	455,170	603,143	455,170	3.50%
Total Expenses:	\$ 15,056,958	\$ 14,327,038	\$ 2,173,038	\$ 1,897,239	\$ 17,229,996	\$ 16,224,277	100.00%
Increase in net position before transfers							
Transfers	\$ 5,902,942	\$ 2,392,843	\$ 110,248	\$ 129,400	\$ 6,013,190	\$ 2,522,243	
Change in net position Restatement	12,468	(31,730)	(12,468)	31,730	-	-	
Net Position - beginning	5,915,410	2,361,113	97,780	161,130	6,013,190	2,522,243	
Net Position - ending	\$ 69,985,886	\$ 64,070,476	\$ 3,720,623	\$ 3,622,843	\$ 73,706,509	\$ 67,693,319	

Changes in Overall Net Position from Operating Results

Revenues

Total governmental activities revenues increased by \$4,240,019. In FY 2023, the Mayor & Council adopted an investment policy that allowed for investments outside of the State's investment pool. This policy adoption came just in time for the City to take advantage of rising interest rates. As a result, Interest income increased by \$856,519. Strong SPLOST revenues helped Capital Grants & Contributions revenues increase by \$2,304,932. Operating Grants & Contributions increased by \$772,682. This is due in part to the City receiving the ARPA Grant most of which was used to evaluate and repair the City's stormwater infrastructure. Another notable change in governmental activities revenues includes an increase in property taxes revenue of \$874,816 due to continued strong growth of the City's tax digest. This growth has been fueled by both new construction and growth of existing non-homestead property values. The City is heavily reliant on tax revenues to support governmental operations. Taxes provided \$9,062,765 or 43.24% of the City's governmental revenue. Charges for services provided \$2,733,579 or 13% of operating revenues. Accordingly, the City's taxpayers and purchases of City services fund 56.28% of governmental operating activity. As a result, the condition of the local economy and the economy's impact on local businesses has a major effect on the City's revenue streams.

Business-type activities, also called enterprise or proprietary funds, are established to be supported by fee revenues. Sanitation revenue increased by \$190,076 or 13.9%. This is due to the City raising its rates by \$2.50 per month. In fiscal year 2013, the City established the Storm Water Fund with a Storm Water utility fee rate billed annually with property taxes. The Storm Water Fund collected a total of \$693,259 for the utility fees in 2023, an increase of \$82,231 from fiscal year 2022. This increase is attributed to both an increase in new homes and commercial development and an increase in one-time maintenance charges. The City has a program where it will provide yearly maintenance of detention ponds to neighborhoods but spread the actual cost of the maintenance amongst the homeowners. In FY 2023, there were some additional fees for non-annual maintenance such as fence replacements.



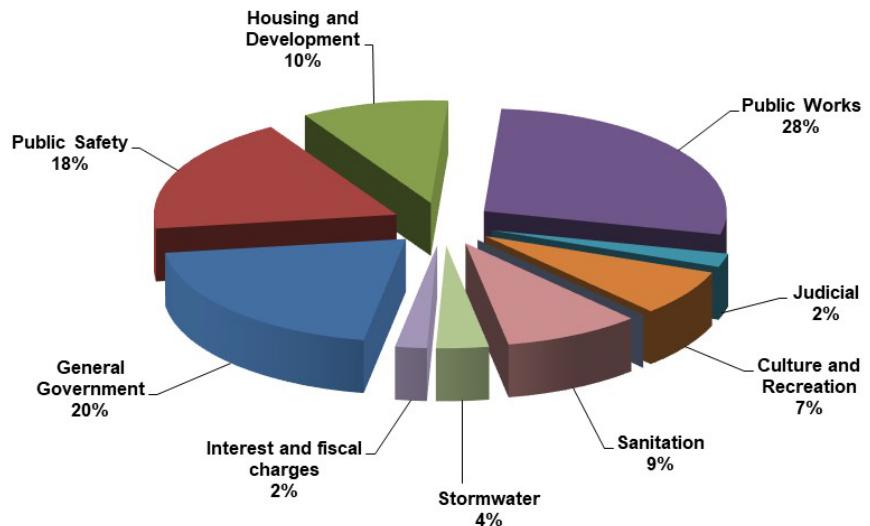
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2023

Expenses

The following table presents the cost and net cost (i.e., total cost less revenues generated by the activities) of each of the City's functions. Net costs illustrate the financial burden that was placed on the City's taxpayers by each of these functions.

	Operating Expenses	Percentage of Total	Net Cost of Service	Percentage of Total
General government	\$ 3,456,003	20.1%	\$ (789,400)	19.0%
Public safety	3,186,067	18.5%	(3,080,831)	74.2%
Housing and development	1,693,056	9.8%	(1,693,056)	40.8%
Public works	4,739,932	27.5%	(324,929)	7.8%
Judicial	368,081	2.1%	167,233	-4.0%
Culture and recreation	1,251,044	7.3%	1,854,209	-44.7%
Sanitation	1,569,895	9.1%	(13,215)	0.3%
Storm Water	603,143	3.5%	90,116	-2.2%
Interest and fiscal charges	362,775	2.1%	(362,775)	8.7%
Total	\$ 17,229,996	100.0%	\$ (4,152,648)	100.0%

The City's total expenses increased by \$1,005,719 or by 6.2%. Governmental activities' expenses increased by \$729,920 in fiscal year 2023 over expenses incurred in fiscal year 2022. Business-type operating expenses increased \$275,799 during the current fiscal year. The primary increase in governmental activities is due to an increase in expenses associated with capital projects such as the start of construction on a new skate park. The primary increase in business-type operating expenses in the Sanitation Fund is due to the purchase of new garbage carts and increased landfill fees, and the purchase of two new pickup trucks for sanitation. In the Stormwater Fund, as previously mentioned, there was an increase in cost due to one-time detention pond maintenance.





MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

Fund Analysis:

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$41,912,383, an increase of \$2,485,641 or 6.3% from the prior year. The change in fund balance is comprised of the following:

- *General Fund* fund balance increase by \$1,962,018 to an ending balance of \$21,697,298 primarily due to an increase in tax revenues as well as an increase in interest revenues.
- *Downtown Development Authority Fund* fund balance decreased by \$279,753. This decrease in fund balance can be attributed to the sale of a downtown parcel in which the Authority had acquired to be sold for redevelopment. Although the property sold at a loss, is hoped that the future development of the property will offset this loss as well as help to build out the City's future vision of downtown.
- *SPLOST Fund (combined)* fund balance increased by \$928,439 to an ending fund balance of \$7,431,579. While FY 2022 saw the end of the 2016 SPLOST program and the beginning of the 2022 SPLOST program, many of the final programs of 2016 SPLOST were working towards completion in FY23. The combined change in fund balance of the two programs is due to strong revenues outpacing spending for the fund in FY 2022 projects.

The ending unassigned governmental fund balance is \$21,042,550, indicating availability for continuing City service delivery requirements. The remainder of the governmental fund balance is restricted, assigned or non-spendable indicating that it is not available for new spending and is obligated as follows:

- **Non-spendable balance:**
 - \$ 29,955 for inventories
 - \$ 126,830 for prepaid expenses
- **Restricted balance:**
 - \$ 8,920,938 for capital projects
 - \$ 203,868 for law enforcement
 - \$ 19,474 for health and welfare
 - \$ 430,252 for debt service
 - \$ 15,220 for tourism
 - \$ 144,964 for federal programs
- **Assigned balance:**
 - \$ 5,257,935 for capital projects
 - \$ 5,222,434 for economic development
 - \$ 497,963 for subsequent year expenditures



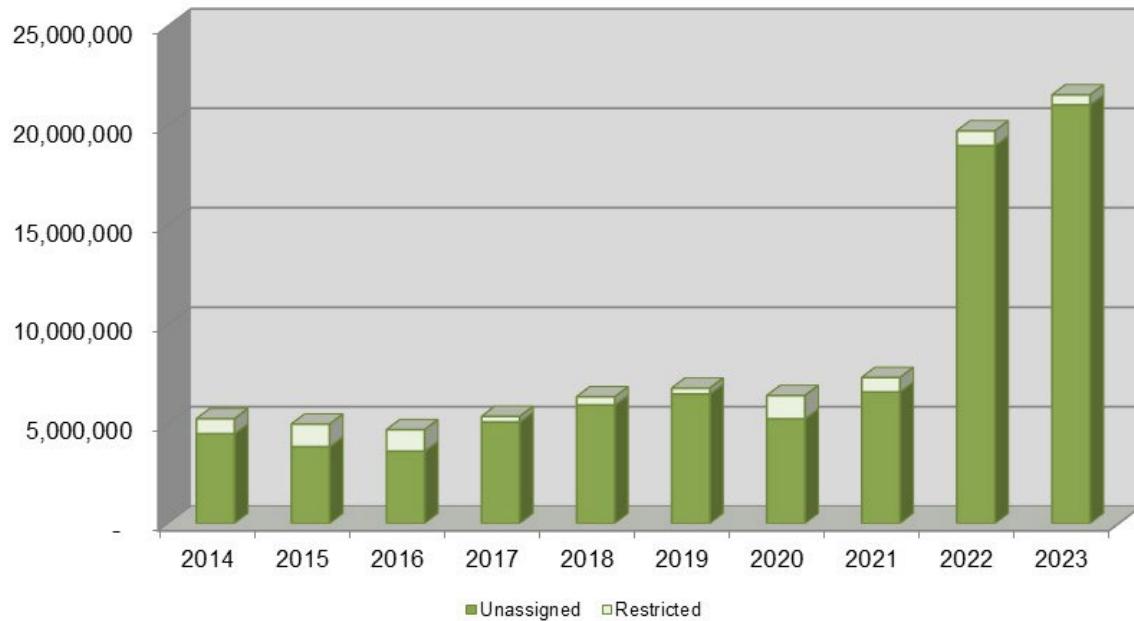
MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2023

Major Governmental Fund

General Fund – The General Fund is the primary operating fund and the largest source of day-to-day service delivery. The unassigned fund balance at June 30, 2023 of \$21,042,550 is considered sufficient, representing the equivalent of 184.1% of fiscal year 2024 General Fund expenditures or 22.1 months of the current year's operating expenditures.

General Fund revenues in the current year increased by \$1,944,136 from fiscal year 2022 revenues. Expenditures increased by \$808,257 from fiscal year 2022 expenditures and net operating transfers in and out of the General Fund decreased by \$15,414.

The following chart reports general fund balances from fiscal year 2014-2023:





MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

Capital Projects Fund – The Capital Projects Fund of the City reflects expenditures for capital projects as approved by the governing body. In fiscal year 2022, it is considered a major fund. The fund balance of the Capital Projects Fund decreased \$253,019. While expenditures only increased by \$9,449 during the current fiscal year, there were no sale of assets as there was in FY22 to make up for expenses that exceeded revenues. This decrease is expected however as delayed projects such as the construction of a new City Hall building started to see movement in FY 23.

SPLOST Funds - The 2016 SPLOST Fund, a major fund, is used to account for capital projects and infrastructure improvements designated to be funded from County 2016 one percent Special Purpose Local Option Sales Tax. The fund balance decreased by \$3,430,029 or 72.8% because the tax portion of program ended in FY22. The program did however receive a \$1,000,000 payment from the County for the completion of a joint intersection improvement. Aside from interest, this program will not receive any future revenues and is expected come to an end in FY23. The 2016 SPLOST program has been replaced with the 2022 SPLOST program. Thus, the only future revenues for the 2016 program will come from the County for shared projects. The start of the 2022 SPLOST program has seen strong revenues and limited spending as the focus was on closing out the 2016 SPLOST projects. Thus the 2022 SPLOST contributed fund balance of \$6,148,943.

Major Proprietary Funds

The activities of the City that render services to the general public on a user charge basis, or that require periodic determination of revenues for public policy are accounted for as Proprietary Funds. The Proprietary Fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

While the fund balance for the Sanitation Fund did increase slightly this year, the City engaged in a rate study to ensure the long-term viability of the Fund. The City has a plan to raise rates yearly to ensure that funds are available for future capital needs as well as unforeseen costs.

The Sanitation Fund net position at the end of the year was \$2,109,589, an increase of \$20,132.

The Storm Water net position at the end of the year was \$1,611,034, an increase of \$77,648.



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)
As of and For Year Ended June 30, 2023

General Fund Budgetary Highlights

The City's budget is prepared in accordance with the laws of the State of Georgia and the Code of Ordinances of the City. The City adopts the fiscal budget during June of the preceding fiscal year. During June of 2022, the City adopted a General Fund Budget for operations for fiscal year 2023 of \$9,489,397. At the end of the fiscal year, the final amended budgeted expenditures and transfers out were \$11,310,322. Actual General Fund revenue was \$2,239,101 more than final budgeted revenues for fiscal year 2023. Actual expenditures were \$971,969 less than final budgeted expenditures, resulting in a favorable budget variance before other financing sources and uses of \$3,211,070.

The most significant expenditure amendments of the General Fund are summarized as follows:

- The City increased the expenditure budget by \$90,000 to implement a mid-year pay increase for employee retention.
- The City increased the expenditure budget by \$45,000 to implement employee physical and financial wellness initiatives aimed at employee retention.
- The City received additional permitting revenue in fiscal year and amended the revenue and expenditure budgets by \$150,000 to allocate these funds to permitting as well as the corresponding contract labor for building inspections.
- The City increased the revenue & expenditure budget to transfer excess prior year fund balance of \$162,146 to the Capital Projects fund for future resurfacing and emergency preparedness.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets, net of related debt for its governmental activities amounts to \$27,769,043 and in the business-type activities the balance was \$749,928, as of June 30, 2023. This investment in capital assets includes land, buildings, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City, such as roads, bridges, streets and sidewalks, drainage systems and other similar items. As allowed under GASB Statement No. 34, the City has elected not to report major general infrastructure retroactively.

The table below shows capital assets net of accumulated depreciation as compared to prior year.

Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Construction in Progress	\$ 3,669,606	\$ 5,900,466	\$ -	\$ -	\$ 3,669,606	\$ 5,900,466
Land & Improvements	6,036,986	2,274,620	-	-	6,036,986	2,274,620
Buildings and Improvements	8,273,332	8,655,392	16,073	17,450	8,289,405	8,672,842
Parks Equipment	1,341,935	974,746	-	-	1,341,935	974,746
Vehicles and Equipment	1,213,121	1,023,097	368,900	359,189	1,582,021	1,382,286
Infrastructure	22,706,116	21,893,155	-	-	22,706,116	21,893,155
Utility Systems	-	-	364,955	379,046	364,955	379,046
Total	\$ 43,241,096	\$ 40,721,476	\$ 749,928	\$ 755,685	\$ 43,991,024	\$ 41,477,161



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

At June 30, 2023, the depreciable capital assets for governmental activities were 45% depreciated. Conversely, the depreciable capital assets of business-type activities were 56% depreciated.

The significant capital assets (including construction in progress) added during the fiscal year for governmental activities are:

- Police Department vehicles of \$215,981.
- Property Acquisitions of \$136,520.
- Park Pavilion of \$58,779.
- Police Body & Car of \$89,172.
- Warren Farms Speed Table of \$48,680.

The significant capital asset added during the fiscal year for business-type activities is:

- 2 Sanitation trucks (non-garbage) of \$114,404.

Costs added to construction in progress at June 30, 2022 consist of the following:

- New City Skate Park of \$2,033,726.
- Finance Software \$2,240.
- Brownsville/Lithia Springs Intersection Improv. of \$157,080.
- CH James/Oglesby Road improvements \$4,400.
- Public Works Restroom improvement \$36,909.
- Florence/CH James intersection improvements \$340,043.
- Brownsville Road \$338,600.
- New City Parking Deck of \$675,000.

Additional information on the City's capital assets can be found in Note 6 of the Note to Financial Statements.

Long-Term Debt

As of June 30, 2023, the City's total outstanding long-term debt (principal portion) totaled \$13,312,000 and included obligations as follows:

Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of City administrative offices, renovation of the Ford Center and acquisition of right-of-way for the Lewis Road improvement project.	\$765,000
Inter-government agreement liability with the Powder Springs Downtown Development Authority to finance the acquisition of acquiring, constructing, and installing a park to be located in the downtown development district.	\$3,957,000
Series 2021A issued to refund the remaining balance of Series 2014, expanding existing City properties, acquire additional properties, and finance related costs	\$4,925,000
Series 2021B issued to refund the remaining balance of Series 2014, expanding existing City properties, acquire additional properties, and finance related costs	\$3,665,000



MANAGEMENT DISCUSSION AND ANALYSIS (Unaudited)

As of and For Year Ended June 30, 2023

The City is legally required to limit outstanding general obligation debt to 10% of the assessed valuation of taxable property within the City which equates to \$57,187,349.

Additional information on the City's long-term debt can be found in Note 7 of the Notes to the Financial Statements.

Economic Factors Affecting the City of Powder Springs

The Mayor and Council consider many factors when adopting the fiscal year 2024 budget. These factors have a significant impact on the City's financial position or results of operations. Key assumptions are as follows:

- Budget adopted for the General Fund estimates expenditures in the amount of \$12,816,678 with \$497,963 of that being transfers out to the Capital Projects Fund of \$497,963. The expected unassigned fund balance for the General Fund at the end of the fiscal year 2023 is \$21,697,298.
- The millage rate is adopted in July of each year for the operations and maintenance in General Fund. The millage rate for the 2023 tax digest is 9.50 (for fiscal year 2024).
- The 2022 tax digest (fiscal year 2023) was \$571,873,492; which was \$68,505,122 or 13.6% higher than the prior year. The budget is adopted in June and the approved digest is received shortly thereafter. Property taxes are a primary revenue stream and also subject to changes based on reassessments and development.
- Increased costs of benefits and retirement contributions have a significant effect on the City's benefit costs.
- A tight labor market has created upward pressure on employee salaries as the City tries to keep its current employees as well as attract new talent.

The City continues to take steps to reduce expenditures and control operational costs to help maintain a positive fund balance.

Contacting the City's Financial Management

This financial report prepared by the Finance Department and submitted by the City Manager is designed to provide a general overview of the City finances, comply with finance related laws and regulations, and demonstrate the City's commitment to public accountability. Supporting records are available for review and inspection pursuant to and to the extent required by the Georgia Open Records Act.

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF NET POSITION

JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
	\$	\$	\$
ASSETS			
Cash and cash equivalents	27,717,870	3,203,128	30,920,998
Investments	14,162,382	445,542	14,607,924
Receivables, net of allowance for uncollectibles	467,678	28,942	496,620
Taxes receivable, net of allowance for uncollectibles	9,793	-	9,793
Inventories	29,955	-	29,955
Prepaid items	126,830	15,210	142,040
Restricted cash and cash equivalents	2,150,668	-	2,150,668
Due from other governments	3,902,994	-	3,902,994
Land held for resale	1,715,947	-	1,715,947
Capital assets:			
Non-depreciable	9,706,592	-	9,706,592
Depreciable, net of accumulated depreciation	33,534,504	749,928	34,284,432
Total assets	<u>93,525,213</u>	<u>4,442,750</u>	<u>97,967,963</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refundings	55,678	-	55,678
Pension related items	729,298	95,993	825,291
OPEB related items	101,630	-	101,630
Total deferred outflows of resources	<u>886,606</u>	<u>95,993</u>	<u>982,599</u>
LIABILITIES			
Accounts payable	1,828,763	185,193	2,013,956
Retainage payable	122,576	-	122,576
Accrued liabilities	1,317,179	12,549	1,329,728
Customer deposits	-	434,956	434,956
Unearned revenue	5,022,307	-	5,022,307
Interest payable	156,664	-	156,664
Bonds payable, due within one year	770,000	-	770,000
Bonds payable, due in more than one year	13,081,370	-	13,081,370
Compensated absences, due within one year	139,489	15,819	155,308
Compensated absences, due in more than one year	105,228	11,934	117,162
Net pension liability, due in more than one year	1,147,928	151,094	1,299,022
Total OPEB liability, due within one year	22,147	-	22,147
Total OPEB liability, due in more than one year	510,910	-	510,910
Total liabilities	<u>24,224,561</u>	<u>811,545</u>	<u>25,036,106</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related items	49,953	6,575	56,528
OPEB related items	151,419	-	151,419
Total deferred inflows of resources	<u>201,372</u>	<u>6,575</u>	<u>207,947</u>
NET POSITION			
Net investment in capital assets	27,769,043	749,928	28,518,971
Restricted for:			
Tourism	15,220	-	15,220
Federal programs	144,964	-	144,964
Law enforcement	203,868	-	203,868
Health and welfare	86,403	-	86,403
Debt service	430,252	-	430,252
Capital projects	11,146,247	-	11,146,247
Unrestricted	<u>30,189,889</u>	<u>2,970,695</u>	<u>33,160,584</u>
Total net position	<u>\$ 69,985,886</u>	<u>\$ 3,720,623</u>	<u>\$ 73,706,509</u>

The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities		Business-type Activities	
								Total
Governmental activities:								
General government	\$ 3,456,003	\$ 1,447,700	\$ 1,185,719	\$ 33,184	\$ (789,400)	\$ -	\$ -	\$ (789,400)
Judicial	368,081	535,314	-	-	167,233	-	-	167,233
Public safety	3,186,067	105,236	-	-	(3,080,831)	-	-	(3,080,831)
Public works	4,739,932	645,329	-	3,769,674	(324,929)	-	-	(324,929)
Community development	91,406	-	-	-	(91,406)	-	-	(91,406)
Planning and zoning	969,930	-	-	-	(969,930)	-	-	(969,930)
Economic development	631,720	-	-	-	(631,720)	-	-	(631,720)
Culture and recreation	1,251,044	-	-	3,105,253	1,854,209	-	-	1,854,209
Interest on long-term debt	362,775	-	-	-	(362,775)	-	-	(362,775)
Total governmental activities	<u>15,056,958</u>	<u>2,733,579</u>	<u>1,185,719</u>	<u>6,908,111</u>	<u>(4,229,549)</u>	<u>-</u>	<u>-</u>	<u>(4,229,549)</u>
Business-type activities:								
Solid waste	1,569,895	1,556,680	-	-	-	(13,215)	-	(13,215)
Stormwater	603,143	693,259	-	-	-	90,116	-	90,116
Total business-type activities	<u>2,173,038</u>	<u>2,249,939</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,901</u>	<u>-</u>	<u>76,901</u>
Total primary government	<u>\$ 17,229,996</u>	<u>\$ 4,983,518</u>	<u>\$ 1,185,719</u>	<u>\$ 6,908,111</u>	<u>\$ (4,229,549)</u>	<u>76,901</u>	<u>-</u>	<u>(4,152,648)</u>
General revenues:								
Property taxes					6,341,837	-	-	6,341,837
Sales taxes					76,019	-	-	76,019
Franchise taxes					839,326	-	-	839,326
Excise taxes					282,347	-	-	282,347
Business and occupational taxes					123,183	-	-	123,183
Insurance premium taxes					1,400,053	-	-	1,400,053
Unrestricted investment earnings					902,770	33,347	-	936,117
Gain on sale of capital assets					8,725	-	-	8,725
Miscellaneous					158,231	-	-	158,231
Transfers					12,468	(12,468)	-	-
Total general revenues and transfers					<u>10,144,959</u>	<u>20,879</u>	<u>-</u>	<u>10,165,838</u>
Change in net position					5,915,410	97,780	-	6,013,190
Net position, beginning of year					64,070,476	3,622,843	-	67,693,319
Net position, end of year					<u>\$ 69,985,886</u>	<u>\$ 3,720,623</u>	<u>-</u>	<u>\$ 73,706,509</u>

The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS	General Fund	American Rescue Plan Act Fund	2016 SPLOST Fund	2022 SPLOST Fund	Capital Projects Fund	Downtown Development Authority	Total Nonmajor Special Revenue Funds	Total Governmental Funds
Cash and cash equivalents	\$ 12,505,695	\$ 2,164,295	\$ 3,047,488	\$ 4,279,397	\$ 2,278,969	\$ 3,161,080	\$ 280,946	\$ 27,717,870
Investments	6,442,094	3,115,870	-	1,387,753	2,738,986	477,679	-	14,162,382
Taxes receivable, net of allowance	9,793	-	-	-	-	-	-	9,793
Accounts receivable, net of allowance	305,275	29,794	151	13,270	43,732	4,568	70,888	467,678
Due from other governments	3,300,000	-	-	602,692	-	-	302	3,902,994
Restricted cash and cash equivalents	-	-	-	-	2,150,668	-	-	2,150,668
Due from other funds	620,263	-	6,600	5,261	51,856	-	18,097	702,077
Inventory	29,955	-	-	-	-	-	-	29,955
Prepaid items	126,830	-	-	-	-	-	-	126,830
Land held for resale	-	-	-	-	-	1,715,947	-	1,715,947
Total assets	<u>\$ 23,339,905</u>	<u>\$ 5,309,959</u>	<u>\$ 3,054,239</u>	<u>\$ 6,288,373</u>	<u>\$ 7,264,211</u>	<u>\$ 5,359,274</u>	<u>\$ 370,233</u>	<u>\$ 50,986,194</u>
LIABILITIES								
Accounts payable	\$ 309,298	\$ 131,704	\$ 1,195,741	\$ 117,561	\$ 74,366	\$ -	\$ 93	\$ 1,828,763
Retainage payable	2,650	-	87,583	21,869	10,474	-	-	122,576
Accrued liabilities	1,316,679	-	-	-	500	-	-	1,317,179
Due to other funds	-	10,984	488,279	-	138,165	-	64,649	702,077
Unearned revenue	-	5,022,307	-	-	-	-	-	5,022,307
Total liabilities	<u>1,628,627</u>	<u>5,164,995</u>	<u>1,771,603</u>	<u>139,430</u>	<u>223,505</u>	<u>-</u>	<u>64,742</u>	<u>8,992,902</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	13,980	-	-	-	-	-	-	13,980
Unavailable revenue - intergovernmental	-	-	-	-	-	-	66,929	66,929
Total deferred inflows of resources	<u>13,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,929</u>	<u>80,909</u>
FUND BALANCES								
Fund balances:								
Nonspendable:								
Prepaid items	126,830	-	-	-	-	-	-	126,830
Inventory	29,955	-	-	-	-	-	-	29,955
Restricted:								
Tourism	-	-	-	-	-	-	15,220	15,220
Law enforcement	-	-	-	-	-	-	203,868	203,868
Health and welfare	-	-	-	-	-	-	19,474	19,474
Capital projects	-	-	1,282,636	6,148,943	1,489,359	-	-	8,920,938
Federal programs	-	144,964	-	-	-	-	-	144,964
Debt service	-	-	-	-	293,412	136,840	-	430,252
Assigned for:								
Economic development	-	-	-	-	-	5,222,434	-	5,222,434
Capital projects	-	-	-	-	5,257,935	-	-	5,257,935
Subsequent year expenditures	497,963	-	-	-	-	-	-	497,963
Unassigned	<u>21,042,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,042,550</u>
Total fund balances	<u>21,697,298</u>	<u>144,964</u>	<u>1,282,636</u>	<u>6,148,943</u>	<u>7,040,706</u>	<u>\$ 5,359,274</u>	<u>238,562</u>	<u>41,912,383</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,339,905</u>	<u>\$ 5,309,959</u>	<u>\$ 3,054,239</u>	<u>\$ 6,288,373</u>	<u>\$ 7,264,211</u>	<u>\$ 5,359,274</u>	<u>\$ 370,233</u>	
Amounts reported for governmental activities in the statement of net position are different because:								
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.								43,241,096
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.								80,909
The deferred outflows of resources, deferred inflows of resources, and the net pension liability and total OPEB liability related to the City's pension plan and OPEB plan are not expected to be liquidated with expendable available current financial resources and, therefore, are not reported in the governmental funds.								(1,051,429)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.								(14,197,073)
Net position of governmental activities								\$ 69,985,886

The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	American Rescue Plan Act Fund	2016 SPLOST Fund	2022 SPLOST Fund	Capital Projects Fund	Downtown Development Authority	Total Nonmajor Special Revenue Funds	Total Governmental Funds
Revenues								
Taxes	\$ 9,041,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,943	\$ 9,054,678
Licenses and permits	1,047,703	-	-	-	-	-	-	1,047,703
Intergovernmental	347,981	770,809	1,000,000	5,549,573	177,267	-	-	7,845,630
Fines and forfeitures	535,314	-	-	-	-	-	105,236	640,550
Charges for services	399,997	-	-	-	645,329	-	-	1,045,326
Interest income	489,540	138,560	121,182	60,089	162,908	109,967	1,795	1,084,041
Contributions	18,750	-	-	-	-	-	-	18,750
Miscellaneous	118,616	-	-	-	-	18,100	2,765	139,481
Total revenues	<u>11,999,636</u>	<u>909,369</u>	<u>1,121,182</u>	<u>5,609,662</u>	<u>985,504</u>	<u>128,067</u>	<u>122,739</u>	<u>20,876,159</u>
Expenditures								
Current:								
General government	2,724,468	347,032	14,010	5	317,938	-	-	3,403,453
Judicial	372,077	-	-	-	-	-	-	372,077
Public safety	2,460,754	-	-	244,372	3,770	-	126,552	2,835,448
Public works	1,253,815	423,777	1,184,178	971,400	9,747	-	-	3,842,917
Community development	-	-	-	-	84,779	-	-	84,779
Planning and zoning	979,772	-	-	-	-	-	-	979,772
Economic development	277,207	-	-	-	-	347,722	6,791	631,720
Culture and recreation	491,723	-	-	35,417	10,336	-	-	537,476
Capital outlay	-	-	3,353,023	-	1,229,385	-	-	4,582,408
Debt service:								
Principal retirements	-	-	-	-	-	741,000	-	741,000
Interest	-	-	-	-	-	400,661	-	400,661
Total expenditures	<u>8,559,816</u>	<u>770,809</u>	<u>4,551,211</u>	<u>1,251,194</u>	<u>1,655,955</u>	<u>1,489,383</u>	<u>133,343</u>	<u>18,411,711</u>
Excess (deficiency) of revenues over expenditures	3,439,820	138,560	(3,430,029)	4,358,468	(670,451)	(1,361,316)	(10,604)	2,464,448
Other financing sources (uses):								
Proceeds from sales of capital assets	8,725	-	-	-	-	-	-	8,725
Transfers in	-	-	-	-	667,717	1,081,563	-	1,749,280
Transfers out	(1,486,527)	-	-	-	(250,285)	-	-	(1,736,812)
Total other financing sources (uses)	<u>(1,477,802)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,432</u>	<u>1,081,563</u>	<u>-</u>	<u>21,193</u>
Net change in fund balances	1,962,018	138,560	(3,430,029)	4,358,468	(253,019)	(279,753)	(10,604)	2,485,641
Fund balances, beginning of year	19,735,280	6,404	4,712,665	1,790,475	7,293,725	5,639,027	249,166	39,426,742
Fund balances, end of year	\$ 21,697,298	\$ 144,964	\$ 1,282,636	\$ 6,148,943	\$ 7,040,706	\$ 5,359,274	\$ 238,562	\$ 41,912,383

The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,485,641
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	2,519,620
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	8,087
Intergovernmental grants	66,929

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the issuance and repayment of long-term debt.

787,120

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

48,013

Change in net position - governmental activities	<u>\$ 5,915,410</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	ASSETS	Nonmajor		
		Sanitation Fund	Storm Water Fund	Totals
CURRENT ASSETS				
Cash and cash equivalents		\$ 1,937,432	\$ 1,265,696	\$ 3,203,128
Investments		445,542	-	445,542
Accounts receivable, net of allowances		26,545	2,397	28,942
Prepaid items		11,598	3,612	15,210
Total current assets		<u>2,421,117</u>	<u>1,271,705</u>	<u>3,692,822</u>
NONCURRENT ASSETS				
Depreciable capital assets, net of accumulated depreciation		353,640	396,288	749,928
Total noncurrent assets		<u>353,640</u>	<u>396,288</u>	<u>749,928</u>
Total assets		<u>2,774,757</u>	<u>1,667,993</u>	<u>4,442,750</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items		72,335	23,658	95,993
Total deferred outflows of resources		<u>72,335</u>	<u>23,658</u>	<u>95,993</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable		149,762	35,431	185,193
Accrued liabilities		11,397	1,152	12,549
Customer deposits		434,956	-	434,956
Compensated absences payable, current		12,869	2,950	15,819
Total current liabilities		<u>608,984</u>	<u>39,533</u>	<u>648,517</u>
NONCURRENT LIABILITIES				
Compensated absences payable		9,708	2,226	11,934
Net pension liability		113,856	37,238	151,094
Total noncurrent liabilities		<u>123,564</u>	<u>39,464</u>	<u>163,028</u>
Total liabilities		<u>732,548</u>	<u>78,997</u>	<u>811,545</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items		4,955	1,620	6,575
Total deferred inflows of resources		<u>4,955</u>	<u>1,620</u>	<u>6,575</u>
NET POSITION				
Investment in capital assets		353,640	396,288	749,928
Unrestricted		1,755,949	1,214,746	2,970,695
Total net position		<u>\$ 2,109,589</u>	<u>\$ 1,611,034</u>	<u>\$ 3,720,623</u>

The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Sanitation Fund	Nonmajor Storm Water Fund	Totals
OPERATING REVENUES			
Charges for sales and services	\$ 1,512,699	\$ 693,259	\$ 2,205,958
Other operating income	43,981	-	43,981
Total operating revenues	<u>1,556,680</u>	<u>693,259</u>	<u>2,249,939</u>
OPERATING EXPENSES			
Salaries and benefits	540,769	140,169	680,938
General operating expenses	924,515	437,585	1,362,100
Depreciation	104,611	25,389	130,000
Total operating expenses	<u>1,569,895</u>	<u>603,143</u>	<u>2,173,038</u>
Operating income (loss)	(13,215)	90,116	76,901
NON-OPERATING REVENUES			
Interest income	33,347	-	33,347
Total non-operating revenues	<u>33,347</u>	<u>-</u>	<u>33,347</u>
Net income before transfers	20,132	90,116	110,248
TRANSFERS OUT			
Change in net position	20,132	77,648	97,780
Net position, beginning of year	2,089,457	1,533,386	3,622,843
Net position, end of year	<u>\$ 2,109,589</u>	<u>\$ 1,611,034</u>	<u>\$ 3,720,623</u>

The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Sanitation Fund	Nonmajor Storm Water Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 1,555,212	\$ 703,434	\$ 2,258,646
Payments to suppliers and customers	(845,703)	(406,686)	(1,252,389)
Payments to employees	(537,399)	(153,653)	(691,052)
Net cash provided by operating activities	<u>172,110</u>	<u>143,095</u>	<u>315,205</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(114,404)	(9,839)	(124,243)
Net cash used in capital and related financing activities	<u>(114,404)</u>	<u>(9,839)</u>	<u>(124,243)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	33,347	-	33,347
Purchase of investments	(445,542)	-	(445,542)
Net cash used in provided by investing activities	<u>(412,195)</u>	<u>-</u>	<u>(412,195)</u>
Net increase (decrease) in cash and cash equivalents	(354,489)	133,256	(221,233)
Cash and cash equivalents, beginning of year	2,291,921	1,132,440	3,424,361
Cash and cash equivalents, end of year	<u>\$ 1,937,432</u>	<u>\$ 1,265,696</u>	<u>\$ 3,203,128</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (13,215)	\$ 90,116	\$ 76,901
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	104,611	25,389	130,000
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(1,468)	10,175	8,707
Decrease in prepaid items	18,300	4,229	22,529
Increase in deferred outflows of resources - pension related items	(64,963)	(21,214)	(86,177)
Increase in accounts payable	80,985	26,670	107,655
Increase (decrease) in accrued liabilities	(1,199)	448	(751)
Decrease in customer deposits	(20,473)	-	(20,473)
Increase (decrease) in compensated absences payable	5,602	(912)	4,690
Increase in net pension liability	113,222	24,560	137,782
Decrease in deferred inflows of resources - pension related items	(49,292)	(16,366)	(65,658)
Net cash provided by operating activities	<u>\$ 172,110</u>	<u>\$ 143,095</u>	<u>\$ 315,205</u>

The accompanying notes are an integral part of these financial statements.

CITY OF POWDER SPRINGS, GEORGIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Powder Springs, Georgia (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City’s significant accounting policies are described below.

A. Reporting Entity

Incorporated in 1859, under the laws of the state of Georgia, the City of Powder Springs is governed by an elected mayor and a five member council. The government provides such services as police protection, cultural and recreational activities, housing and development and public works.

The accompanying financial statements present the City and its component unit, an entity for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government’s operations.

The Downtown Development Authority (“DDA”) is responsible for promoting and further developing trade, commerce, industry and employment opportunities within the City of Powder Springs, Georgia. The DDA operates under a seven member board, which is all appointed by the City Council members. The City has significant control over the DDA and is responsible for the repayment of the debt of the DDA. The DDA does not issue separate financial statements and is included as a blended component unit in the City’s financial report. The DDA is presented as a governmental fund type.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of net position includes non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City’s capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

In accordance with GASB Statement No. 34, major individual governmental funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **American Rescue Plan Act Fund** is a special revenue fund and accounts for the amounts awarded to the City under the Coronavirus State and Local Fiscal Recovery Funds program, provided for under the American Rescue Plan Act of 2021.

The **2016 Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the City's 2016 Special Purpose Local Option Sales tax referendum.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major governmental funds (continued):

The **2022 Special Purpose Local Option Sales Tax Fund (SPLOST)** is used to account for the revenues and expenditures relating to the City's 2022 Special Purpose Local Option Sales tax referendum.

The **Capital Projects Fund** is used to account for the financial resources to be used for the acquisition and construction of major capital projects.

The **Downtown Development Authority** (Debt Service Fund) primarily accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations of governmental funds. The Authority also purchases and sells property for development purposes.

The City reports the following major enterprise fund:

The **Sanitation Fund** accounts for the activities associated with the collection of residential garbage, including recyclables, non-recyclables and yard waste. Activity is rendered on a user charge basis.

Additionally, the City reports the following fund types:

The **Special Revenue funds** are used to account for revenue sources that are legally restricted to expenditures for specific purposes such as hotel/motel and police seizure revenues, as well as various grants and contributions.

The **Stormwater Fund**, an **enterprise fund**, accounts for the collection of fees for upgrades to stormwater drains and related expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any inter-fund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgets

Annual appropriated budgets are adopted for all governmental funds, with the exception of capital projects funds for which project length budgets are adopted. The governmental funds budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America, except indirect costs are budgeted as revenues rather than a reduction of the expenditures. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund, special revenue funds, and Debt Service Fund. During the fiscal year ended June 30, 2023, the original budget was amended through supplemental appropriations. These changes are reflected in the budgetary comparison schedules.

All budget appropriations lapse at the end of each year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, special revenue and Capital Projects funds. Encumbrances outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The 2016 SPLOST Fund, 2022 SPLOST Fund, Capital Projects Fund, and American Rescue Plan Act Fund had outstanding encumbrances of \$1,897,959, \$179,159, \$24,000, and \$30,479, respectively, as of June 30, 2023.

E. Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Any deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents.

F. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

G. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventories

All inventories are valued at average cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for using the consumption method.

J. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. In accordance with GASB 34, infrastructure assets acquired prior to July 1, 2003 have not been capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings & Improvements	5-30 years
Stormwater Utility System	30 years
Machinery, furniture & fixtures, and equipment	3-30 years
Infrastructure	30 years

Fully depreciated assets still in service are carried in the capital asset accounts.

K. Land Held for Resale

The Downtown Development Authority (DDA) holds title to several parcels within the downtown district of the City. The DDA is holding and renovating the parcels in order to bring new business development into downtown. These parcels are recorded at the lower of historical acquisition cost or market. Other costs such as those incurred for maintaining the property until it is sold, legal costs, and other expenditures also contribute to the basis in the properties.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has three items which qualify for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other two items are related to the City's pension Plan and OPEB plan and are discussed below.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes, and intergovernmental revenues as these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available. The other two are related to the City's pension plan and OPEB plan and are discussed in the following paragraph.

The City has deferred inflows and outflows related to the recording of changes in its net pension liability and total OPEB liability. Certain changes in the net pension liability and total OPEB liability are recognized as expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability and total OPEB liability for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of Plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expenses over the expected remaining service lives of Plan members. Changes in actuarial assumptions which adjust the net pension liability and total OPEB liability are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into expenses over the expected remaining service lives of Plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five-year period. Additionally, any contributions made by the City to the pension plan and OPEB plan before year end but subsequent to the measurement date of the City's net pension liability and total OPEB liability are reported as deferred outflows of resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Powder Springs Retirement Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are accrued and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities, and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by the City Council. Approval of a resolution after a formal vote of the City Council is required to establish a commitment of fund balance. Similarly, the City Council may only modify or rescind the commitment by formal vote and adoption of a subsequent resolution.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council, through City Ordinance, has expressly delegated to the City Manager or his/her designee, the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund and other governmental funds may only report negative unassigned fund balances. The City, by resolution, has created a minimum fund balance policy to be no less than 50% of the next fiscal year's budgeted expenditures and outgoing transfers, in order to maintain adequate reserves to cover unforeseen revenue shortfalls and to maintain a budget stabilization commitment.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, and (3) Unassigned.

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Fund Equity (Continued)

Net position is reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net position is reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds and net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$14,197,073 difference are as follows:

Bonds payable	\$ (13,312,000)
Premium on bonds payable	(539,370)
Deferred charges on refunding	55,678
Accrued interest payable	(156,664)
Compensated absences (i.e., vacation)	<u>(244,717)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	\$ <u>(14,197,073)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources, and the net pension liability are not expected to be liquidated with expendable available resources and, therefore, are not reported in the funds.” The details of this \$1,051,429 difference are as follows:

Net pension liability	\$	(1,147,928)
Deferred outflows of resources - pension related items		729,298
Deferred inflows of resources - pension related items		(49,953)
Total OPEB liability		(533,057)
Deferred outflows of resources - OPEB related items		101,630
Deferred inflows of resources - OPEB related items		<u>(151,419)</u>
Net adjustment to reduce <i>fund balance- total governmental funds</i> to arrive at net position - governmental activities	\$	<u>(1,051,429)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,519,620 difference are as follows:

Capital outlay	\$	4,454,760
Depreciation expense		<u>(1,935,140)</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	\$	<u>2,519,620</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of the reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.” The details of this \$787,120 difference are as follows:

Principal repayments	\$ 741,000
Amortization of bond premiums	<u>46,120</u>
Net adjustment to increase <i>net change in fund balances - governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 787,120</u>

Another element of the reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$48,013 difference are as follows:

Compensated absences (i.e., vacation)	\$ (53,964)
Accrued interest	10,329
Amortization of deferred charges	(18,563)
Pension expense	111,598
OPEB expense	<u>(1,387)</u>
Net adjustment to increase <i>net change in fund balances - governmental funds</i> to arrive at <i>change in net position - governmental activities</i>	<u>\$ 48,013</u>

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The budget is officially adopted by the governing body prior to the beginning of its fiscal year, or a resolution authorizing the continuation of necessary and essential expenditures to operate the City will be adopted. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level, within the fund.

Transfers of appropriations within a department budget or within a non-departmental expenditure category require only the approval of the Director of Finance and the City Manager. Increases in appropriations in a departmental budget or in a non-departmental expenditure category, require approval of the governing body in the form of amendments to the budget resolution.

The General Fund Judicial function had expenditures in excess of appropriations of \$7,400, and the Downtown Development Authority had expenditures in excess of appropriations of \$344,088. The excesses were funded with transfers in from other funds or functions.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

The table below summarizes the City's cash, cash equivalents, and investments by type as of June 30, 2023:

Investment	Maturities	Balance
Deposits with financial institutions	---	\$ 18,466,215
Certificates of deposit	July 2023 - February 2025	8,728,837
Georgia Fund 1	28 day WAM (1)	5,876,614
Federal agency securities	6.10 day WAM (1)	1,893,912
U.S. treasury notes	189.90 day WAM (1)	12,714,012
Total		<u>\$ 47,679,590</u>

As reported in the Statement of Net Position:

Cash and cash equivalents	\$ 33,071,666
Investments	<u>14,607,924</u>
Total	<u>\$ 47,679,590</u>

(1) Weighted average maturity

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds and is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the City's investment in the Georgia Fund 1 is reported at fair value. The City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Interest rate risk: The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Georgia Fund 1 is an investment pool, rated AAAf/S1 by Fitch, with a weighted average maturity of 28 days, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the City does not disclose its investment in the Georgia Fund 1 within the fair value hierarchy.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers' acceptances; the local government investment pool established by State law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. Operating funds of the City are currently invested in U.S. Treasury notes and U.S. Government agency obligations, or maintained in demand deposit, savings, and money market accounts with financial institutions.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits: State statutes require all deposits and investments (other than federal or state government instruments) to be covered by depository insurance or pledged securities. Amounts that exceed standard depository insurance limits are required to be collateralized either (1) individually by the financial institutions through pledged obligations of the U.S. Government, obligations backed by the full faith and credit of the U.S. Government, obligations of the State of Georgia or other states, or obligations of counties, municipalities, or public authorities of the State of Georgia, or (2) participation in the State of Georgia Secure Deposit Program. As of June 30, 2023, the financial institution holding all of the City's deposits is a participant of the State of Georgia Secure Deposit Program, which is administered by the Office of the State Treasurer and requires participating banks holding deposits of public funds to pledge collateral at varying rates depending on the tier assigned by the State. As of June 30, 2023, all of the City's bank balances were insured and/or collateralized as defined by GASB and required by State statutes.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for the identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2023:

Investment	Level 1	Level 2	Fair Value
Federal agency securities	\$ 1,893,912	\$ -	\$ 1,893,912
U.S. treasury notes	2,816,289	9,897,723	12,714,012
Total investments measured at fair value	<u>\$ 4,710,201</u>	<u>\$ 9,897,723</u>	<u>\$ 14,607,924</u>

As of June 30, 2023 the City's investments subject to fair value hierarchy measurements are all rated AAA.

NOTES TO FINANCIAL STATEMENTS

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1, which is also the lien date. The taxes are levied by July 31 based on the assessed value of property as listed on the previous January 1 and are due on November 15 of each year. Property taxes are recorded as receivables and unavailable revenues when assessed. Revenues are recognized when available.

Receivables at June 30, 2023, for the City's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts are as follows:

	General Fund	American Rescue Plan Act Fund	2016 SPLOST Fund	2022 SPLOST Fund	Capital Projects Fund
Taxes	\$ 52,075	\$ -	\$ -	\$ -	\$ -
Accounts receivable	325,885	29,794	151	13,270	43,732
Intergovernmental	3,300,000	-	-	602,692	-
	<u>3,677,960</u>	<u>29,794</u>	<u>151</u>	<u>615,962</u>	<u>43,732</u>
Less allowances	(62,892)	-	-	-	-
Net total receivables	<u>\$ 3,615,068</u>	<u>\$ 29,794</u>	<u>\$ 151</u>	<u>\$ 615,962</u>	<u>\$ 43,732</u>
	Downtown Development Authority	Sanitation Fund	Nonmajor Funds	Total Receivables	
Taxes	\$ -	\$ -	\$ -	\$ 52,075	
Accounts receivable	4,568	144,391	84,451	646,242	
Intergovernmental	-	-	302	3,902,994	
	<u>4,568</u>	<u>144,391</u>	<u>84,753</u>	<u>4,601,311</u>	
Less allowances	-	(117,846)	(11,166)	(191,904)	
Net total receivables	<u>\$ 4,568</u>	<u>\$ 26,545</u>	<u>\$ 73,587</u>	<u>\$ 4,409,407</u>	

During the fiscal year ended June 30, 2019, the City of Powder Springs sold the water and sewer system to Cobb County. The sale closed on June 26, 2019 and the City transferred ownership of the existing infrastructure and other assets in exchange for a \$5,500,000 note to be paid in ten (10) annual installments by the County, beginning July 12, 2019. As of June 30, 2023, the outstanding balance was \$3,300,000, and is included in the General Fund's amounts reported as Due from Other Governments.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the City for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Nondepreciable capital assets:					
Land and improvements	\$ 5,900,466	\$ 136,520	\$ -	\$ -	\$ 6,036,986
Construction in progress	2,274,620	3,514,833	- -	(2,119,847)	3,669,606
Total	<u>8,175,086</u>	<u>3,651,353</u>	<u>- -</u>	<u>(2,119,847)</u>	<u>9,706,592</u>
Capital assets, being depreciated:					
Buildings and improvements	16,130,776	105,814	- -	- -	16,236,590
Furniture and fixtures	146,901	- -	- -	- -	146,901
Parks equipment	5,835,779	94,195	- -	356,127	6,286,101
Vehicles and equipment	5,984,658	525,049	(76,049)	- -	6,433,658
Infrastructure - streets	30,441,614	78,349	- -	1,763,720	32,283,683
Total being depreciated	<u>58,539,728</u>	<u>803,407</u>	<u>(76,049)</u>	<u>2,119,847</u>	<u>61,386,933</u>
Less accumulated depreciation for:					
Buildings and improvements	(7,475,384)	(487,874)	- -	- -	(7,963,258)
Furniture and fixtures	(146,901)	- -	- -	- -	(146,901)
Parks equipment	(4,861,033)	(83,133)	- -	- -	(4,944,166)
Vehicles and equipment	(4,961,561)	(335,025)	76,049	- -	(5,220,537)
Infrastructure - streets	(8,548,459)	(1,029,108)	- -	- -	(9,577,567)
Total	<u>(25,993,338)</u>	<u>(1,935,140)</u>	<u>76,049</u>	<u>- -</u>	<u>(27,852,429)</u>
Total capital assets, being depreciated, net	<u>32,546,390</u>	<u>(1,131,733)</u>	<u>- -</u>	<u>2,119,847</u>	<u>33,534,504</u>
Governmental activities capital assets, net	<u>\$ 40,721,476</u>	<u>\$ 2,519,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,241,096</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated				
Buildings and improvements	\$ 41,333	\$ -	\$ -	\$ 41,333
Utility systems	422,722	-	-	422,722
Vehicles and equipment	1,104,107	124,243	-	1,228,350
Total	<u>1,568,162</u>	<u>124,243</u>	<u>-</u>	<u>1,692,405</u>
Less accumulated depreciation for:				
Buildings and improvements	(23,883)	(1,377)	-	(25,260)
Utility systems	(43,676)	(14,091)	-	(57,767)
Vehicles and equipment	(744,918)	(114,532)	-	(859,450)
Total	<u>(812,477)</u>	<u>(130,000)</u>	<u>-</u>	<u>(942,477)</u>
Total capital assets being depreciated, net	<u>755,685</u>	<u>(5,757)</u>	<u>-</u>	<u>749,928</u>
Business-type activities capital assets, net	<u>\$ 755,685</u>	<u>\$ (5,757)</u>	<u>\$ -</u>	<u>\$ 749,928</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	\$ 72,856
Public safety	372,677
Public works	903,714
Culture and recreation	585,640
Community development	<u>253</u>
Total depreciation expense - governmental activities	<u>\$ 1,935,140</u>
Business-type activities:	
Stormwater	\$ 25,389
Sanitation	<u>104,611</u>
Total depreciation expense - business-type activities	<u>\$ 130,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 14,053,000	\$ -	\$ (741,000)	\$ 13,312,000	\$ 770,000
Premium on bonds payable	585,490	- (46,120)		539,370	-
	<u>14,638,490</u>	<u>-</u>	<u>(787,120)</u>	<u>13,851,370</u>	<u>770,000</u>
Compensated absences	190,753	100,873	(46,909)	244,717	139,489
Net pension liability	7,740	1,399,490	(259,302)	1,147,928	-
Total OPEB liability	598,296	43,487	(108,726)	533,057	22,147
Governmental activity					
Long-term liabilities	<u>\$ 15,435,279</u>	<u>\$ 1,543,850</u>	<u>\$ (1,202,057)</u>	<u>\$ 15,777,072</u>	<u>\$ 931,636</u>
Business-type activities:					
Compensated absences	\$ 23,063	\$ 12,551	\$ (7,861)	\$ 27,753	\$ 15,819
Net pension liability	844	184,206	(33,956)	151,094	-
Business-type activity					
Long-term liabilities	<u>\$ 23,907</u>	<u>\$ 196,757</u>	<u>\$ (41,817)</u>	<u>\$ 178,847</u>	<u>\$ 15,819</u>

For governmental activities, compensated absences, the net pension liability, and the total OPEB liability are liquidated by the General Fund. Compensated absences and the net pension liability of business-type activities are liquidated by the Sanitation and Stormwater Funds.

Revenue Bonds – Direct Placement

On March 30, 2005, the City of Powder Springs Downtown Development Authority (“DDA”), a blended component unit of the City, issued \$4,895,000 in Series 2005 Revenue Bonds bearing interest at a rate of 3.75% per annum payable each February 1 and September 1 with principal payable annually on September 1. The bonds were issued for the purpose of purchasing the United Community Bank building for the use of administrative offices of the City, renovations of the Ford Center for public recreational and cultural use and acquisition of right-of-way for the Lewis Road improvement project. As of June 30, 2023 the outstanding balance of these bonds is \$765,000.

On March 30, 2005, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest on the outstanding balance of the 2005 Revenue Bonds issued by the DDA. This agreement enables the City to lease from the DDA the facilities purchased by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete. Prior to expiration of the lease upon full payment of the bonds outstanding, the City may purchase the project from the DDA for \$100.

NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM DEBT (CONTINUED)

Revenue Bonds – Direct Placement (Continued)

On April 19, 2018, the DDA issued \$4,200,000 in Series 2018 Revenue Bonds bearing interest at a rate of 2.77% per annum payable each February 1 and August 1 with principal payable annually on February 1. The bonds were issued for the purpose of financing the costs of acquiring, constructing, and installing a park to be located in the downtown development district of Powder Springs, Georgia and to finance related costs. As of June 30, 2023 the outstanding balance of the Series 2018 bonds is \$3,957,000.

Concurrent with the issuance of the Series 2018 Revenue Bonds, the City and the DDA entered into an intergovernmental agreement whereby the City is obligated to make lease payments to the DDA for the purpose of paying the principal and interest payments on the outstanding balance of the 2018 Revenue Bonds issued by the DDA. The lease is a direct financing lease in accordance with generally accepted accounting principles. This agreement will not expire until full payment of the bonds is complete.

On March 2, 2021, the DDA issued \$5,560,000 in Series 2021A Revenue Bonds bearing interest at variable rates of 3.00% to 4.00% per annum payable each February 1 and August 1 with principal payable annually beginning February 1, 2022; the DDA issued \$3,665,000 Series 2021B Revenue Bonds bearing interest at variable rates of 2.00% to 2.45% per annum payable each February 1 and August 1 with principal payable annually beginning February 1, 2032. The bonds were issued for the purpose of refunding the remaining balance on the Series 2014 Revenue Bonds and to finance the costs of renovating and expanding existing City properties, to acquire additional properties, and to finance related costs. As of June 30, 2023 the outstanding balance of the Series 2021A bonds is \$4,925,000, and the outstanding balance of the Series 2021B bonds is \$3,665,000.

The debt service to maturity on the City's bonds payable is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 770,000	\$ 375,994	\$ 1,145,994
2025	734,000	340,931	1,074,931
2026	660,000	319,333	979,333
2027	687,000	296,685	983,685
2028	705,000	277,655	982,655
2029-2033	3,511,000	1,098,155	4,609,155
2034-2038	3,740,000	684,843	4,424,843
2039-2041	2,505,000	151,800	2,656,800
Total	<u>\$ 13,312,000</u>	<u>\$ 3,545,396</u>	<u>\$ 16,857,396</u>

The City's general obligation debt is limited to 10% of the annual assessed value of the taxable property in the City. There is no general obligation debt outstanding as of June 30, 2023.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. INTERFUND BALANCES AND TRANSFERS

The composition of due to/from other funds as of June 30, 2023 is as follows:

Due From	Due To	Amount
2016 SPLOST Fund	General Fund	\$ 436,423
2016 SPLOST Fund	Capital Projects Fund	51,856
Capital Projects Fund	General Fund	108,207
Capital Projects Fund	2016 SPLOST Fund	6,600
Capital Projects Fund	2022 SPLOST Fund	5,261
Capital Projects Fund	Nonmajor governmental funds	18,097
American Rescue Plan Act Fund	General Fund	10,984
Nonmajor governmental funds	General Fund	64,649
		<u>\$ 702,077</u>

Interfund balances are the result of expenditures being covered by the General Fund and the Capital Projects fund for projects and purposes of other governmental funds, and are due to the timing of year end and the actual payments and receipts between the funds. Additionally, amounts are recorded as due to several funds, including the 2016 SPLOST Fund and the 2022 SPLOST Fund, as a result of the allocation of accrued interest receivable at year end from pooled cash accounts.

The composition of interfund transfers as of June 30, 2023 is as follows:

Transfers In	Transfers Out	Amount
Capital Projects Fund	General Fund	\$ 655,249
Downtown Development Authority	General Fund	831,278
Downtown Development Authority	Capital Projects Fund	250,285
Capital Projects Fund	Nonmajor proprietary fund	12,468
		<u>\$ 1,749,280</u>

Transfers are used to use unrestricted revenues collected in the General Fund to help fund the acquisition of capital assets in the Capital Project Fund, and to fund annual debt service requirements in the Downtown Development Authority Fund. Transfers are also used to move revenues restricted for capital projects from the Capital Project Fund to the Downtown Development Authority Fund to aid in the acquisition and improvement of properties for resale, and to correct the initial recording of certain engineering project costs from the Stormwater proprietary fund to the Capital Projects Fund.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

The City, as authorized by the City Council, has established a defined benefit pension plan (The City of Powder Springs Retirement Plan) covering all full-time employees. The City's pension plan is affiliated with the Georgia Municipal Employee Benefit System (GMEBS), an agent multiple-employer pension plan administered by the Georgia Municipal Association. Contributions made by the City are commingled with contributions made by other members of GMEBS for investment purposes. The City does not own any securities on its own. Investment income from the securities is allocated on a pro rata basis. The Georgia Municipal Association issues a publicly available financial report that includes financial statements and required supplementary information for GMEBS. That report may be obtained by writing to Georgia Municipal Association, Risk Management and Employee Benefit Services, 201 Pryor Street, NW, Atlanta, Georgia 30303 or by calling (404) 688-0472. As provided by state law, benefit provisions for participants in GMEBS are established and amended by the respective employers. As authorized by City Council, the plan provides pension benefits and death and disability benefits for plan members and beneficiaries. All employees, excluding elected officials who are immediately eligible after eight years, who work forty hours per week are eligible to participate after one year. Benefits vest after seven years of service. A City employee who retires at age 65 with five years of service is entitled to benefits of 1.75% of final average earnings in excess of covered compensation. An employee may elect early retirement at age 55 provided he has a minimum of 25 years total credited service to receive full benefits, otherwise early retirement may be elected after only 10 years of service for reduced benefits. Elected officials are entitled to \$55 for each year of service after reaching normal retirement age.

Plan Membership

At January 1, 2023, the date of the most recent actuarial valuation, there were 164 participants consisting of the following:

Retirees and beneficiaries currently receiving benefits	33
Terminated vested participants not yet receiving benefits	65
Active employees - vested	24
Active employees - nonvested	42
Total	<u>164</u>

Contributions

The Plan is subject to minimum funding standards of the Georgia Public Retirement Systems Standards law. The Board of Trustees of GMEBS has adopted a recommended actuarial funding policy for the Plan which meets state minimum requirements and will accumulate sufficient funds to provide the benefits under the Plan. The funding policy for the Plan is to contribute an amount equal to or greater than the recommended contribution described below. For 2023, the actuarially determined contribution rate was 7.15% of covered payroll. The City makes all contributions to the Plan. For 2023, the City's contribution to the Plan was \$233,111.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Actuarial Assumptions

Net Pension Liability of the City

The City's net pension liability was measured as of September 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 with update procedures performed by the actuary to roll forward to the total pension liability measured as of September 30, 2022.

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.25%
Investment rate of return	7.375%

Mortality rates for the January 1, 2022 valuation were based on the Sex-distinct Pri-2012 head-count weighted Mortality Tables with rates multiplied by 1.25 and projected generationally from 2012 to future years using 60% of the sex-distinct improvement rates under the 2019 OASDI Trustees Report used for the intermediate alternative.

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through June 30, 2019 conducted by Segal in November and December of 2019.

Cost of living adjustments were assumed to be 0.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the table below:

Asset class	Target allocation	Long-term expected real rate of return*
Domestic equity	45%	6.40%
International equity	20%	6.80
Global fixed income	5%	0.46
Domestic fixed income	20%	0.40
Real estate	10%	3.90
Cash	0%	
Total	<u>100%</u>	

* Rates shown are net of the 2.25% assumed rate of inflation

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Discount rate

The discount rate used to measure the total pension liability was 7.375%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability of the City

The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2023 were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/22	\$ 5,995,354	\$ 5,986,770	\$ 8,584
Changes for the year:			
Service cost	139,101	-	139,101
Interest	444,123	-	444,123
Differences between expected and actual experience	(51,290)	-	(51,290)
Assumption changes	-	-	-
Contributions—employer	-	241,968	(241,968)
Net investment income	-	(982,459)	982,459
Benefit payments, including refunds of employee contributions	(224,905)	(224,905)	-
Administrative expense	-	(18,013)	18,013
Other	-	-	-
Net changes	307,029	(983,409)	1,290,438
Balances at 6/30/23	\$ 6,302,383	\$ 5,003,361	\$ 1,299,022

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of Plan assets is increasing or decreasing over time relative to the total pension liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.375%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	<u>1% Decrease (6.375%)</u>	<u>Discount Rate (7.375%)</u>	<u>1% Increase (8.375%)</u>
City's net pension liability	\$ 2,172,424	\$ 1,299,022	\$ 579,922

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of September 30, 2022 and the current sharing pattern of costs between employer and employee.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2023, the City recognized pension expense of \$246,440. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 56,528
Net difference between projected and actual earnings on pension plan investments	649,909	-
City contributions subsequent to the measurement date	<u>175,382</u>	-
Total	<u>\$ 825,291</u>	<u>\$ 56,528</u>

City contributions subsequent to the measurement date of \$175,382 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 105,230
2025	80,545
2026	122,816
2027	284,790
Total	<u>\$ 593,381</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description and Benefits Provided

The City of Powder Spring's OPEB Plan is a single employer defined benefit healthcare plan administered by the City of Powder Springs. The City provides certain healthcare insurance benefits to retirees. Substantially all of the City's employees may become eligible for those benefits if they retire under the rule of 75 with a minimum retirement age of 50. The City pays full premium for retirees prior to 65 minus the amount paid by employees for coverage; after age 65, the City provides an explicit subsidy equal to 70% of the premium for single coverage up to a maximum of \$150 per month. Additionally, the City offers an implicit subsidy allowing retirees to purchase insurance at active employee rates. The City has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and a separate report was not issued for the plan.

The following schedule reflects membership for the OPEB Plan as of July 1, 2022, the most recent actuarial valuation:

Active participants	52
Retirees and beneficiaries currently receiving benefits	13
Total	<u>65</u>

Contributions

The City Council has elected to fund the Plan on a "pay as you go" basis. Per the Council resolution, retirees are able to continue to receive health insurance at active employee rates, subsidized by City contributions. For the fiscal year ended June 30, 2023, the City contributed \$29,666 for the pay as you go benefits for the Plan.

Total OPEB Liability

The City's total OPEB liability of \$533,057 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021, with the actuary using standard techniques to roll forward the liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Wage inflation	3.00%
Municipal bond index rate	
Current Measurement date	4.09%
Prior Measurement date	2.18%
Health care cost trends	
Pre-medicare	8.0% - 5.00%, Ultimate Trend in 2028
Medicare	7.0% - 5.00%, Ultimate Trend in 2027

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

The current mortality rates were based on the Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general employees, with full generational improvements in mortality using Scale MP-2020.

Discount rate

The discount rate used to measure the total OPEB liability was 4.09%. The discount rate is based on the S&P Municipal Bond 20-year Municipal Bond High Grade Index.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the City for the fiscal year ended June 30, 2023 were as follows:

	Total OPEB Liability
Balance at June 30, 2022	\$ 598,296
Service Cost	24,461
Interest	14,468
Demographic changes	4,558
Benefit payments	(29,666)
Assumption changes	(79,060)
Balance at June 30, 2023	<u><u>\$ 533,057</u></u>

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09 percent) or 1-percentage-point higher (5.09 percent) than the current discount rate:

	1% Decrease (3.09%)	Current (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 586,655	\$ 533,057	\$ 486,845

NOTES TO FINANCIAL STATEMENTS

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (7.0% to 4.00%)	Current (8.0% to 5.00%)	1% Increase (9.0% to 6.00%)
Total OPEB liability	\$ 489,976	\$ 533,057	\$ 583,031

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revisions as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of June 30, 2022 and the current sharing pattern of costs between employer and inactive employees.

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023 the City recognized OPEB expense of \$485. At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in demographics	\$ 21,895	\$ 79,646
Changes in assumptions	51,022	71,773
City contributions subsequent to the measurement date	28,713	-
	\$ 101,630	\$ 151,419

The City contributions made subsequent to the measurement date of \$28,713 are reported as deferred outflows and inflows of resources and will be recognized as a decrease of the total OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows and inflows of resources related to the OPEB will be recognized into OPEB expenses as follows:

Year ending June 30,	
2024	\$ (8,778)
2025	(8,778)
2026	(8,778)
2027	(8,778)
Thereafter	(43,390)
	\$ (78,502)

NOTES TO FINANCIAL STATEMENTS

NOTE 11. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities around the Metropolitan Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC) and is required to pay annual dues thereto, which Cobb County, Georgia pays on behalf of the City of Powder Springs, Georgia. Membership in ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34, which provides for the organization structure of ARC. ARC Board membership includes the chief elected official of each county and municipality of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from Atlanta Regional Commission, 229 Peachtree St #100, Atlanta, GA 30303.

NOTE 12. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund and the Georgia Municipal Association Group Self-Insurance Workers' Compensation Fund, public entity risk pools currently operating as common risk management and insurance programs for member local governments.

As part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the workers' compensation law of Georgia. The funds are to pay all cost taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverage in the past three years.

NOTES TO FINANCIAL STATEMENTS

NOTE 12. RISK MANAGEMENT (CONTINUED)

The City is also exposed to risk of loss related to job-related illnesses or injuries to employees for which the City has transferred its risk through participation in a public entity risk pool managed by the Georgia Municipal Association Workers' Compensation Self Insurance Fund whereby the risk is pooled with other entities. The retention of the pool is \$500,000. Yearly premiums are paid by the City which will pay for lost time exceeding the first seven days the employee is absent, and the first seven days if the employee is absent at least 21 days.

The Fund is to defend, in the name of and on behalf of the members, any suits or other proceedings which may at any time be instituted against them on account of injuries or death within the purview of the Workers' Compensation Law of Georgia, or on the basis of employer's liability, including suits or other proceedings alleging such injuries and demanding compensation therefore, although such suits, other proceedings, allegations or demands be wholly groundless, false or fraudulent.

NOTE 13. COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

Construction Commitments

The City has active construction projects as of June 30, 2023. The projects include street construction, sidewalks and pedestrian pathways in areas previously void of such amenities, park improvements, and the construction of general administration facilities. At year end, the City's commitments with contractors were \$1,859,515. The projects are being financed primarily through the Capital Project, 2016 SPLOST, and 2022 SPLOST funds, using pay-as-you-go funding sources.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
OPEB HEALTHCARE BENEFIT PLAN
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 24,461	\$ 24,867	\$ 15,415	\$ 22,242	\$ 18,012	\$ 29,625
Interest on total OPEB liability	14,468	11,792	17,181	17,082	17,452	17,867
Demographic changes	4,558	19,368	(66,143)	(45,483)	-	-
Benefit payments	(29,666)	(26,291)	(24,936)	(28,183)	(22,465)	(31,905)
Assumption changes	(79,060)	39,449	12,870	5,073	12,219	-
Net change in total OPEB liability	(65,239)	69,185	(45,613)	(29,269)	25,218	15,587
Total OPEB liability - beginning	598,296	529,111	574,724	603,993	578,775	563,188
Total OPEB liability - ending	\$ 533,057	\$ 598,296	\$ 529,111	\$ 574,724	\$ 603,993	\$ 578,775
Covered-employee payroll	\$ 2,323,293	\$ 2,853,868	\$ 2,545,181	\$ 2,634,327	\$ 2,636,891	\$ 2,636,891
Total OPEB liability as a percentage of covered-employee payroll	22.94%	20.96%	20.79%	21.82%	22.91%	21.95%

Changes to Actuarial Assumptions:

Since the prior measurement date, the discount rate was increased from 2.18% to 4.09%; the healthcare cost trend rates were increased from 6.50% for the 2021/22 fiscal year graded down to 5.00% for the 2024/25 and later fiscal years to 8.00% for the 2021/21 fiscal year graded down to 5.00% for the 2024/25 and later fiscal years.

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

The City is not accumulating assets in a trust fund that meets the criteria in paragraph 4 of GASB Statement No. 75 for payment of future OPEB benefits.

CITY OF POWDER SPRINGS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
AND RELATED RATIOS

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 139,101	\$ 151,223	\$ 171,330	\$ 171,751	\$ 188,813
Interest on total pension liability	444,123	420,510	399,459	374,961	355,633
Differences between expected and actual experience	(51,290)	(19,881)	(49,575)	(93,742)	(95,223)
Changes of assumptions	-	-	-	168,489	-
Benefit payments, including refunds of employee contributions	(224,905)	(214,218)	(217,106)	(191,144)	(157,782)
Net change in total pension liability	<u>307,029</u>	<u>337,634</u>	<u>304,108</u>	<u>430,315</u>	<u>291,441</u>
Total pension liability - beginning	<u>5,995,354</u>	<u>5,657,720</u>	<u>5,353,612</u>	<u>4,923,297</u>	<u>4,631,856</u>
Total pension liability - ending (a)	<u><u>\$ 6,302,383</u></u>	<u><u>\$ 5,995,354</u></u>	<u><u>\$ 5,657,720</u></u>	<u><u>\$ 5,353,612</u></u>	<u><u>\$ 4,923,297</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 241,968	\$ 274,568	\$ 233,185	\$ 262,899	\$ 214,744
Net investment income	(982,459)	1,163,993	422,518	129,838	374,496
Benefit payments, including refunds of member contributions	(224,905)	(214,218)	(217,106)	(191,144)	(157,782)
Administrative expenses	(18,013)	(18,185)	(18,477)	(16,725)	(17,588)
Net change in plan fiduciary net position	<u>(983,409)</u>	<u>1,206,158</u>	<u>420,120</u>	<u>184,868</u>	<u>413,870</u>
Plan fiduciary net position - beginning	<u>5,986,770</u>	<u>4,780,612</u>	<u>4,360,492</u>	<u>4,175,624</u>	<u>3,761,754</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,003,361</u></u>	<u><u>\$ 5,986,770</u></u>	<u><u>\$ 4,780,612</u></u>	<u><u>\$ 4,360,492</u></u>	<u><u>\$ 4,175,624</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 1,299,022</u></u>	<u><u>\$ 8,584</u></u>	<u><u>\$ 877,108</u></u>	<u><u>\$ 993,120</u></u>	<u><u>\$ 747,673</u></u>
Plan fiduciary net position as a percentage of the total pension liability	79.39%	99.86%	84.50%	81.45%	84.81%
Covered payroll	<u>\$ 3,457,443</u>	<u>\$ 3,046,934</u>	<u>\$ 3,430,513</u>	<u>\$ 3,582,394</u>	<u>\$ 3,521,104</u>
City's net pension liability as a percentage of covered payroll	37.57%	0.28%	25.57%	27.72%	21.23%
	2018	2017	2016	2015	
Total pension liability					
Service cost	\$ 160,240	\$ 129,174	\$ 152,063	\$ 147,966	
Interest on total pension liability	299,730	268,392	241,997	221,191	
Differences between expected and actual experience	(67,433)	140,185	17,435	4,544	
Changes of assumptions	66,551	-	-	(23,991)	
Benefit payments, including refunds of employee contributions	375,624	(126,016)	(87,044)	(75,427)	
Other changes	(140,718)	-	35,607	-	
Net change in total pension liability	<u>693,994</u>	<u>411,735</u>	<u>360,058</u>	<u>274,283</u>	
Total pension liability - beginning	<u>3,937,862</u>	<u>3,526,127</u>	<u>3,166,069</u>	<u>2,891,786</u>	
Total pension liability - ending (a)	<u><u>\$ 4,631,856</u></u>	<u><u>\$ 3,937,862</u></u>	<u><u>\$ 3,526,127</u></u>	<u><u>\$ 3,166,069</u></u>	
Plan fiduciary net position					
Contributions - employer	\$ 173,207	\$ 168,902	\$ 189,890	\$ 187,392	
Net investment income	491,420	325,721	28,135	277,971	
Benefit payments, including refunds of member contributions	(140,718)	(126,016)	(87,044)	(75,427)	
Administrative expenses	(19,834)	(10,567)	(11,753)	(9,403)	
Net change in plan fiduciary net position	<u>504,075</u>	<u>358,040</u>	<u>119,228</u>	<u>380,533</u>	
Plan fiduciary net position - beginning	<u>3,257,679</u>	<u>2,899,639</u>	<u>2,780,411</u>	<u>2,399,878</u>	
Plan fiduciary net position - ending (b)	<u><u>\$ 3,761,754</u></u>	<u><u>\$ 3,257,679</u></u>	<u><u>\$ 2,899,639</u></u>	<u><u>\$ 2,780,411</u></u>	
City's net pension liability - ending (a) - (b)	<u><u>\$ 870,102</u></u>	<u><u>\$ 680,183</u></u>	<u><u>\$ 626,488</u></u>	<u><u>\$ 385,658</u></u>	
Plan fiduciary net position as a percentage of the total pension liability	81.21%	82.73%	82.23%	87.82%	
Covered payroll	<u>\$ 3,727,954</u>	<u>\$ 3,500,149</u>	<u>\$ 2,934,029</u>	<u>\$ 3,353,477</u>	
City's net pension liability as a percentage of covered payroll	23.34%	19.43%	21.35%	11.50%	

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

CITY OF POWDER SPRINGS, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS

	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 233,111	\$ 245,653	\$ 255,786	\$ 252,538	\$ 266,352
Contributions in relation to the actuarially determined contribution	<u>233,111</u>	<u>245,653</u>	<u>255,786</u>	<u>252,538</u>	<u>266,352</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 3,260,294	\$ 3,279,746	\$ 3,623,031	\$ 3,566,921	\$ 3,778,043
Contributions as a percentage of covered payroll	7.15%	7.49%	7.06%	7.08%	7.05%
	2018	2017	2016	2015	
Actuarially determined contribution	\$ 197,541	\$ 162,562	\$ 171,015	\$ 176,564	
Contributions in relation to the actuarially determined contribution	<u>197,541</u>	<u>162,562</u>	<u>171,015</u>	<u>176,564</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 3,500,149	\$ 2,982,789	\$ 3,406,673	\$ 2,931,666	
Contributions as a percentage of covered payroll	5.64%	5.45%	5.02%	6.02%	

(1) The schedule will present 10 years of information once it is accumulated.

CITY OF POWDER SPRINGS, GEORGIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance With Final Budget	
	Original	Final	Actual		
Revenues					
Taxes	\$ 7,816,552	\$ 7,816,552	\$ 9,041,735	\$ 1,225,183	
Licenses and permits	724,100	874,100	1,047,703	173,603	
Intergovernmental	295,883	295,883	347,981	52,098	
Fines and forfeitures	360,000	360,000	535,314	175,314	
Charges for services	597,251	597,251	610,248	12,997	
Interest	5,000	5,000	489,540	484,540	
Contributions	2,000	2,000	18,750	16,750	
Miscellaneous	20,000	20,000	118,616	98,616	
Total revenues	9,820,786	9,970,786	12,209,887	2,239,101	
Expenditures					
Current:					
General government:					
City Council	166,055	167,218	124,445	42,773	
Mayor	81,512	82,138	65,951	16,187	
City manager	715,605	722,293	712,905	9,388	
City clerk	314,742	318,529	292,885	25,644	
General administration fees	995,437	957,104	841,613	115,491	
Financial administration	522,138	529,613	480,444	49,169	
Data processing	298,509	299,999	275,810	24,189	
Human resources	172,938	220,148	140,666	79,482	
Total general government	3,266,936	3,297,042	2,934,719	362,323	
Judicial					
Public safety					
Public works					
Planning and zoning					
Economic development					
Culture and recreation					
Total expenditures	9,539,398	9,742,036	8,770,067	971,969	
Excess of revenues over expenditures	281,388	228,750	3,439,820	3,211,070	
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	8,725	8,725	
Transfers in	550,000	572,600	-	(572,600)	
Transfers out	(1,294,491)	(1,568,287)	(1,486,527)	81,760	
Total other financing sources (uses)	(744,491)	(995,687)	(1,477,802)	(482,115)	
Net change in fund balances	(463,103)	(766,937)	1,962,018	2,728,955	
Fund balance, beginning of year	19,735,280	19,735,280	19,735,280	-	
Fund balance, end of year	\$ 19,272,177	\$ 18,968,343	\$ 21,697,298	\$ 2,728,955	

CITY OF POWDER SPRINGS, GEORGIA
AMERICAN RESCUE PLAN ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance With Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 5,884,611	\$ 5,884,611	\$ 770,809	\$ (5,113,802)
Interest	-	-	138,560	138,560
Total revenues	<u>5,884,611</u>	<u>5,884,611</u>	<u>909,369</u>	<u>(4,975,242)</u>
Expenditures				
General government	884,001	868,611	347,032	521,579
Public safety	-	100,000	-	100,000
Public works	<u>4,916,000</u>	<u>4,916,000</u>	<u>423,777</u>	<u>4,492,223</u>
Total expenditures	<u>5,800,001</u>	<u>5,884,611</u>	<u>770,809</u>	<u>5,113,802</u>
Net change in fund balances	84,610	-	138,560	138,560
Fund balance, beginning of year	6,404	6,404	6,404	-
Fund balance, end of year	<u>\$ 91,014</u>	<u>\$ 6,404</u>	<u>\$ 144,964</u>	<u>\$ 138,560</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

In the General Fund, accounting principles used in developing budgets on a budgetary basis differ from those used in preparing financial statements in conformity with generally accepted accounting principles (GAAP). The City budgets charges for service revenues and department expenditures for indirect cost allocations which are offset in the Statement of Revenues, Expenditures and Changes in Fund Balances. Thus, there is an accounting basis difference between the budget and actual Statement of Revenues, Expenditures and Changes in Fund Balances in the General Fund that is reconciled as follows:

Revenues GAAP Basis	\$ 11,999,636
Indirect Cost Revenues	<u>210,251</u>
Revenues, Budgetary Basis	12,209,887
Expenditures GAAP Basis	8,559,816
Indirect Cost Expenditures	<u>210,251</u>
Expenditures, Budgetary Basis	<u>8,770,067</u>
Excess of Revenues over Expenditures	
Budgetary Basis	<u>\$ 3,439,820</u>

SUPPLEMENTARY INFORMATION

CITY OF POWDER SPRINGS, GEORGIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

ASSETS	Special Revenue Funds			Total Nonmajor Governmental Funds
	Police Seizure Fund	Hotel/Motel Tax Fund	Opioid Settlement Fund	
Cash and cash equivalents	\$ 268,215	\$ 12,619	\$ 112	\$ 280,946
Accounts receivable	-	2,694	68,194	70,888
Due from other governments	302	-	-	302
Due from other funds	-	-	18,097	18,097
Total assets	<u>\$ 268,517</u>	<u>\$ 15,313</u>	<u>\$ 86,403</u>	<u>\$ 370,233</u>
LIABILITIES				
Accounts payable	\$ -	\$ 93	\$ -	\$ 93
Due to other funds	64,649	-	-	64,649
Unavailable revenue - intergovernmental	-	-	66,929	66,929
Total liabilities	<u>64,649</u>	<u>93</u>	<u>66,929</u>	<u>131,671</u>
FUND BALANCES				
FUND BALANCES				
Restricted:				
Tourism	-	15,220	-	15,220
Law enforcement	203,868	-	-	203,868
Health and welfare	-	-	19,474	19,474
Total fund balances	<u>203,868</u>	<u>15,220</u>	<u>19,474</u>	<u>238,562</u>
Total liabilities and fund balances	<u>\$ 268,517</u>	<u>\$ 15,313</u>	<u>\$ 86,403</u>	<u>\$ 370,233</u>

CITY OF POWDER SPRINGS, GEORGIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Police Seizure Fund	Hotel/Motel Tax Fund	Opioid Settlement Fund	
REVENUES				
Hotel/motel taxes	\$ -	\$ 12,943	\$ -	\$ 12,943
Fines and forfeitures	85,762	-	19,474	105,236
Miscellaneous	-	2,765	-	2,765
Interest income	1,795	-	-	1,795
Total revenues	<u>87,557</u>	<u>15,708</u>	<u>19,474</u>	<u>122,739</u>
EXPENDITURES				
Public safety	126,552	-	-	126,552
Tourism	-	6,791	-	6,791
Total expenditures	<u>126,552</u>	<u>6,791</u>	<u>-</u>	<u>133,343</u>
Net change in fund balances	(38,995)	8,917	19,474	(10,604)
FUND BALANCES, beginning of year	<u>242,863</u>	<u>6,303</u>	<u>-</u>	<u>249,166</u>
FUND BALANCES, end of year	<u>\$ 203,868</u>	<u>\$ 15,220</u>	<u>\$ 19,474</u>	<u>\$ 238,562</u>

CITY OF POWDER SPRINGS, GEORGIA
POLICE SEIZURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Fines & forfeitures	\$ 20,000	\$ 20,000	\$ 85,762	\$ 65,762
Interest	100	100	1,795	1,695
Total revenues	<u>20,100</u>	<u>20,100</u>	<u>87,557</u>	<u>67,457</u>
EXPENDITURES				
Public safety	90,100	136,652	126,552	10,100
Net change in fund balances	(70,000)	(116,552)	(38,995)	77,557
FUND BALANCE, beginning of year	<u>242,863</u>	<u>242,863</u>	<u>242,863</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 172,863</u>	<u>\$ 126,311</u>	<u>\$ 203,868</u>	<u>\$ 77,557</u>

CITY OF POWDER SPRINGS, GEORGIA
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance With Final Budget	
	Original	Final	Actual		
REVENUES					
Hotel/motel tax	\$ 6,300	\$ 6,300	\$ 12,943	\$ 6,643	
Miscellaneous	830	830	2,765	1,935	
Total revenues	<u>7,130</u>	<u>7,130</u>	<u>15,708</u>		<u>8,578</u>
EXPENDITURES					
Tourism	<u>7,130</u>	<u>7,130</u>	<u>6,791</u>		<u>339</u>
Net change in fund balances	-	-	8,917		8,917
FUND BALANCE, beginning of year	<u>6,303</u>	<u>6,303</u>	<u>6,303</u>		<u>-</u>
FUND BALANCE, end of year	<u>\$ 6,303</u>	<u>\$ 6,303</u>	<u>\$ 15,220</u>		<u>\$ 8,917</u>

CITY OF POWDER SPRINGS, GEORGIA
OPIOID SETTLEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance With Final Budget
	Original	Final	Actual	
REVENUES				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 19,474	\$ (526)
Total revenues	20,000	20,000	19,474	(526)
EXPENDITURES				
Public safety	20,000	20,000	-	20,000
Net change in fund balances	-	-	19,474	19,474
FUND BALANCE, beginning of year	-	-	-	-
FUND BALANCE, end of year	\$ -	\$ -	\$ 19,474	\$ 19,474

CITY OF POWDER SPRINGS, GEORGIA
DOWNTOWN DEVELOPMENT AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	Budget			Variance With Final Budget
	Original	Final	Actual	
REVENUES				
Interest earnings	\$ -	\$ -	\$ 109,967	\$ 109,967
Miscellaneous	-	-	18,100	18,100
Total revenues	<u>-</u>	<u>-</u>	<u>128,067</u>	<u>128,067</u>
EXPENDITURES				
Current:				
Economic development	1,364	3,510	347,722	(344,212)
Debt service:				
Principal	741,000	741,000	741,000	-
Interest	400,785	400,785	400,661	124
Total expenditures	<u>1,143,149</u>	<u>1,145,295</u>	<u>1,489,383</u>	<u>(344,088)</u>
Deficiency of revenues over expenditures	(1,143,149)	(1,145,295)	(1,361,316)	(216,021)
OTHER FINANCING SOURCES				
Transfers in	-	2,146	1,081,563	1,079,417
Total other financing sources	<u>-</u>	<u>2,146</u>	<u>1,081,563</u>	<u>1,079,417</u>
Net change in fund balances	(1,143,149)	(1,143,149)	(279,753)	863,396
FUND BALANCE, beginning of year	<u>5,639,027</u>	<u>5,639,027</u>	<u>5,639,027</u>	<u>-</u>
FUND BALANCE, end of year	<u>\$ 4,495,878</u>	<u>\$ 4,495,878</u>	<u>\$ 5,359,274</u>	<u>\$ 863,396</u>

CITY OF POWDER SPRINGS, GEORGIA
SCHEDULE OF EXPENDITURES OF SPECIAL PURPOSE
LOCAL OPTION SALES TAX
FOR THE YEAR ENDED JUNE 30, 2023

<u>Project</u>	<u>Original Estimated Cost</u>	<u>Current Estimated Cost</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>
2016 SPLOST Program:					
General Street Improvements	\$ 804,120	\$ 2,357,520	\$ 907,608	\$ 975,357	\$ 1,882,965
Resurfacing	6,000,000	3,743,067	3,260,213	482,854	3,743,067
Parks and Recreation Improvements	750,000	5,387,453	3,110,936	2,157,799	5,268,735
Streetscapes	1,327,600	763,693	616,795	19,136	635,931
Facilities Improvements	750,000	681,949	601,003	23,059	624,062
Public Safety Improvements	750,000	883,317	737,807	-	737,807
Intersection Improvements	3,850,000	6,147,544	4,728,152	893,006	5,621,158
Total	\$ 14,231,720	\$ 19,964,543	\$ 13,962,514	\$ 4,551,211	\$ 18,513,725
2022 SPLOST Program:					
General Street Improvements	\$ 2,500,000	\$ 2,500,000	\$ 4,335	\$ 690,055	\$ 694,390
Resurfacing	3,600,000	3,600,000	-	-	-
Parks and Recreation Improvements	3,500,000	3,500,000	-	39,535	39,535
Streetscapes	1,000,000	1,000,000	-	-	-
Facilities Improvements	2,803,888	2,803,888	-	-	-
Public Safety Improvements	1,000,000	1,000,000	244,551	131,418	375,969
Intersection Improvements	2,900,000	2,900,000	-	390,186	390,186
Total	\$ 17,303,888	\$ 17,303,888	\$ 248,886	\$ 1,251,194	\$ 1,500,080

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Powder Springs' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	<u>Page</u>
Financial Trends.....	67
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	78
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity	82
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information.....	86
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	88
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

CITY OF POWDER SPRINGS, GEORGIA
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2023	2022	2021	2020	2019
Governmental activities					
Net investment in capital assets	\$ 27,769,043	\$ 26,178,251	\$ 30,565,538	\$ 37,211,154	\$ 34,673,659
Restricted	12,026,954	2,517,865	6,352,908	5,086,418	4,619,305
Unrestricted	<u>30,189,889</u>	<u>35,374,360</u> (4)	<u>13,202,476</u>	<u>6,102,103</u>	<u>7,706,818</u>
Total governmental activities net position	<u><u>\$ 69,985,886</u></u>	<u><u>\$ 64,070,476</u></u>	<u><u>\$ 50,120,922</u></u>	<u><u>\$ 48,399,675</u></u>	<u><u>\$ 46,999,782</u></u>
Business-type activities					
Net investment in capital assets	\$ 749,928	\$ 755,685	\$ 4,688,091	\$ 668,790	\$ 539,670 (3)
Unrestricted	2,970,695	2,867,158	10,362,063	14,573,205	14,793,562
Total business-type activities net position	<u><u>\$ 3,720,623</u></u>	<u><u>\$ 3,622,843</u></u>	<u><u>\$ 15,050,154</u></u>	<u><u>\$ 15,241,995</u></u>	<u><u>\$ 15,333,232</u></u>
Primary government					
Net investment in capital assets	\$ 28,518,971	\$ 26,933,936	\$ 35,253,629	\$ 37,879,944	\$ 35,213,329
Restricted	12,026,954	2,517,865	6,352,908	5,086,418	4,619,305
Unrestricted	<u>33,160,584</u>	<u>38,241,518</u>	<u>23,564,539</u>	<u>20,675,308</u>	<u>22,500,380</u>
Total primary government net position	<u><u>\$ 73,706,509</u></u>	<u><u>\$ 67,693,319</u></u>	<u><u>\$ 65,171,076</u></u>	<u><u>\$ 63,641,670</u></u>	<u><u>\$ 62,333,014</u></u>

(3) - In 2019 the City sold the water and sewer system to Cobb County. The County will make payments for ten (10) years on the acquisition.

(4) - Governmental activities net position was restated as of July 1, 2021 for the transfer of the residual net equity of the Water and Sewer Fund to the General Fund.

CITY OF POWDER SPRINGS, GEORGIA
NET POSITION BY COMPONENT
LAST TEN YEARS
(accrual basis of accounting)

	2018	2017 (2)	2016	2015	2014 (1)
Governmental activities					
Net investment in capital assets	\$ 32,842,258	\$ 30,752,959	\$ 30,834,381	\$ 28,730,880	\$ 26,057,109
Restricted	3,400,830	3,106,338	2,191,896	2,501,319	2,109,402
Unrestricted	7,741,430	7,193,630	5,930,220	5,247,724	4,850,088
Total governmental activities net position	<u><u>\$ 43,984,518</u></u>	<u><u>\$ 41,052,927</u></u>	<u><u>\$ 38,956,497</u></u>	<u><u>\$ 36,479,923</u></u>	<u><u>\$ 33,016,599</u></u>
Business-type activities					
Net investment in capital assets	\$ 6,454,354	\$ 5,722,445	\$ 5,556,927	\$ 5,264,412	\$ 5,236,028
Unrestricted	8,314,028	7,676,687	7,371,928	6,668,373	5,734,790
Total business-type activities net position	<u><u>\$ 14,768,382</u></u>	<u><u>\$ 13,399,132</u></u>	<u><u>\$ 12,928,855</u></u>	<u><u>\$ 11,932,785</u></u>	<u><u>\$ 10,970,818</u></u>
Primary government					
Net investment in capital assets	\$ 39,296,612	\$ 36,475,404	\$ 36,391,308	\$ 33,995,292	\$ 31,293,137
Restricted	3,400,830	3,106,338	2,191,896	2,501,319	2,109,402
Unrestricted	16,055,458	14,870,317	13,302,148	11,916,097	10,584,878
Total primary government net position	<u><u>\$ 58,752,900</u></u>	<u><u>\$ 54,452,059</u></u>	<u><u>\$ 51,885,352</u></u>	<u><u>\$ 48,412,708</u></u>	<u><u>\$ 43,987,417</u></u>

(1) - 2014 balances were restated for the implementation of GASB Statements No. 68 and 71, which were effective July 1, 2014.

(2) - 2017 balances were restated for the implementation of GASB Statement No. 75, which was effective July 1, 2017.

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2023	2022	2021	2020	2019
Expenses					
Governmental activities:					
General government	\$ 3,666,254	\$ 3,869,886	\$ 3,540,508	\$ 2,429,658	\$ 1,591,101
Judicial	368,081	346,765	439,788	422,072	463,785
Public safety	3,186,067	2,482,243	2,904,021	3,047,852	3,213,726
Public works	4,739,932	3,690,328	4,439,766	4,056,843	2,259,247
Community development	319,211	76,103	31,999	369,532	379,668
Planning and zoning	969,930	643,426	717,400	367,825	341,543
Economic development	403,915	1,882,374	327,587	234,152	459,048
Culture and recreation	1,251,044	954,460	854,430	675,255	785,444
Interest on long-term debt	362,775	381,453	599,934	263,555	284,505
Total governmental activities expenses	<u>15,267,209</u>	<u>14,327,038</u>	<u>13,855,433</u>	<u>11,866,744</u>	<u>9,778,067</u>
Business-type activities:					
Water & Sewer	-	-	-	6,394	5,356,781
Solid waste	1,569,895	1,442,069	1,304,310	1,191,116	1,205,936
Stormwater	603,143	455,170	318,921	290,451	148,104
Total business-type activities expenses	<u>2,173,038</u>	<u>1,897,239</u>	<u>1,623,231</u>	<u>1,487,961</u>	<u>6,710,821</u>
Total primary government expenses	<u><u>\$ 17,440,247</u></u>	<u><u>\$ 16,224,277</u></u>	<u><u>\$ 15,478,664</u></u>	<u><u>\$ 13,354,705</u></u>	<u><u>\$ 16,488,888</u></u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,657,951	\$ 1,454,478	\$ 1,604,855	\$ 1,234,812	\$ 1,064,087
Judicial	535,314	387,060	673,478	295,215	651,086
Public safety	105,236	16,096	22,985	183,091	149,068
Public works	645,329	426,521	316,393	-	-
Culture and recreation	-	-	-	105,785	173,893
Operating grants and contributions	1,185,719	413,037	909,662	388,740	329,669
Capital grants and contributions	6,908,111	4,603,179	3,866,666	3,505,536	3,393,553
Total governmental activities program revenues	<u>11,037,660</u>	<u>7,300,371</u>	<u>7,394,039</u>	<u>5,713,179</u>	<u>5,761,356</u>
Business-type activities:					
Charges for services:					
Water & Sewer	-	-	-	145,533	6,557,889
Solid waste	1,556,680	1,366,604	1,419,414	1,221,658	1,413,221
Stormwater	693,259	611,028	557,914	471,422	381,995
Total business-type activities program revenues	<u>2,249,939</u>	<u>1,977,632</u>	<u>1,977,328</u>	<u>1,838,613</u>	<u>8,353,105</u>
Total primary government program revenues	<u><u>\$ 13,287,599</u></u>	<u><u>\$ 9,278,003</u></u>	<u><u>\$ 9,371,367</u></u>	<u><u>\$ 7,551,792</u></u>	<u><u>\$ 14,114,461</u></u>

CITY OF POWDER SPRINGS, GEORGIA

CHANGES IN NET POSITION LAST TEN YEARS (accrual basis of accounting)

	2018	2017	2016	2015	2014
Expenses					
Governmental activities:					
General government	\$ 1,289,401	\$ 1,015,287	\$ 1,241,193	\$ 881,610	\$ 900,533
Judicial	483,164	352,753	241,622	154,306	151,596
Public safety	3,216,569	3,231,902	3,324,112	2,858,898	2,482,731
Public works	1,947,785	2,094,427	1,950,695	1,499,231	1,742,675
Community development	517,730	923,634	757,122	735,300	590,648
Planning and zoning	228,083	-	-	-	-
Economic development	125,451	-	-	-	-
Culture and recreation	754,486	551,055	411,631	290,317	408,830
Interest on long-term debt	224,612	205,998	169,011	352,974	305,452
Total governmental activities expenses	<u>8,787,281</u>	<u>8,375,056</u>	<u>8,095,386</u>	<u>6,772,636</u>	<u>6,582,465</u>
Business-type activities:					
Water & Sewer	5,387,584	5,453,734	5,154,505	5,113,633	4,838,532
Solid waste	1,271,079	1,215,260	1,037,995	977,570	974,543
Stormwater	181,641	238,174	468,945	306,187	155,966
Total business-type activities expenses	<u>6,840,304</u>	<u>6,907,168</u>	<u>6,661,445</u>	<u>6,397,390</u>	<u>5,969,041</u>
Total primary government expenses	<u><u>\$ 15,627,585</u></u>	<u><u>\$ 15,282,224</u></u>	<u><u>\$ 14,756,831</u></u>	<u><u>\$ 13,170,026</u></u>	<u><u>\$ 12,551,506</u></u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,405,279	\$ 1,142,915	\$ 1,029,994	\$ 906,669	\$ 218,981
Judicial	632,463	719,897	411,287	288,380	346,764
Public safety	143,251	140,997	104,588	76,391	109,080
Public works	-	-	-	-	336,007
Community development	-	-	-	-	46,559
Culture and recreation	294,169	269,535	82,599	162,300	62,312
Operating grants and contributions	397,891	420,132	313,340	454,788	331,244
Capital grants and contributions	3,048,093	3,022,374	3,279,674	3,128,731	2,817,525
Total governmental activities program revenues	<u>5,921,146</u>	<u>5,715,850</u>	<u>5,221,482</u>	<u>5,017,259</u>	<u>4,268,472</u>
Business-type activities:					
Charges for services:					
Water & Sewer	6,432,081	6,486,799	5,926,231	5,766,750	5,627,573
Solid waste	1,353,180	1,322,697	1,277,369	1,251,714	1,131,910
Stormwater	390,037	395,637	452,213	352,539	352,579
Total business-type activities program revenues	<u>8,175,298</u>	<u>8,205,133</u>	<u>7,655,813</u>	<u>7,371,003</u>	<u>7,112,062</u>
Total primary government program revenues	<u><u>\$ 14,096,444</u></u>	<u><u>\$ 13,920,983</u></u>	<u><u>\$ 12,877,295</u></u>	<u><u>\$ 12,388,262</u></u>	<u><u>\$ 11,380,534</u></u>

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2023	2022	2021	2020	2019
Net (expense)/revenue					
Governmental activities	\$ (4,229,549)	\$ (7,026,667)	\$ (6,461,394)	\$ (6,153,565)	\$ (4,016,711)
Business-type activities	76,901	80,393	354,097	350,652	1,642,284
Total primary government net (expense) revenue	<u><u>\$ (4,152,648)</u></u>	<u><u>\$ (6,946,274)</u></u>	<u><u>\$ (6,107,297)</u></u>	<u><u>\$ (5,802,913)</u></u>	<u><u>\$ (2,374,427)</u></u>
General Revenues and Other Changes					
in Net Position					
Governmental activities:					
Property taxes	\$ 6,341,837	\$ 5,467,021	\$ 5,129,620	\$ 4,619,219	\$ 4,480,979
Insurance premium taxes	1,400,053	1,156,414	1,119,606	1,062,080	999,006
Excise taxes	282,347	262,309	271,964	254,168	240,628
Franchise taxes	839,326	798,578	758,375	799,245	760,817
Other taxes	199,202	264,296	217,012	175,932	142,950
Gain on sale of capital assets	8,725	-	64,560	-	-
Unrestricted Investment Earnings	902,770	46,251	4,529	52,704	80,669
Miscellaneous	158,231	1,424,641	73,488	130,177	75,229
Transfers	12,468	(31,730)	550,000	453,420	251,697
Total governmental activities	<u><u>10,144,959</u></u>	<u><u>9,387,780</u></u>	<u><u>8,189,154</u></u>	<u><u>7,546,945</u></u>	<u><u>7,031,975</u></u>
Business-type activities:					
Unrestricted Investment earnings	33,347	1,476	3,662	11,531	15,383
Gain on sale of capital assets	-	47,531	-	-	-
Miscellaneous	-	-	400	-	-
Special items	-	-	-	-	(841,120) (1)
Transfers	(12,468)	31,730	(550,000)	(453,420)	(251,697)
Total business-type activities	<u><u>20,879</u></u>	<u><u>80,737</u></u>	<u><u>(545,938)</u></u>	<u><u>(441,889)</u></u>	<u><u>(1,077,434)</u></u>
Total primary government	<u><u>\$ 10,165,838</u></u>	<u><u>\$ 9,468,517</u></u>	<u><u>\$ 7,643,216</u></u>	<u><u>\$ 7,105,056</u></u>	<u><u>\$ 5,954,541</u></u>
Change in Net Position					
Governmental activities	\$ 5,915,410	\$ 2,361,113	\$ 1,727,760	\$ 1,393,380	\$ 3,015,264
Business-type activities	97,780	161,130	(191,841)	(91,237)	564,850
Total primary government	<u><u>\$ 6,013,190</u></u>	<u><u>\$ 2,522,243</u></u>	<u><u>\$ 1,535,919</u></u>	<u><u>\$ 1,302,143</u></u>	<u><u>\$ 3,580,114</u></u>

(1) In 2019 the City sold the water and sewer system to Cobb County. The County will make payments for ten (10) years on the acquisition.

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN NET POSITION
LAST TEN YEARS
(accrual basis of accounting)

	2018	2017	2016	2015	2014
Net (expense)/revenue					
Governmental activities	\$ (2,866,135)	\$ (2,659,206)	\$ (2,873,904)	\$ (1,755,377)	\$ (2,313,993)
Business-type activities	1,334,994	1,297,965	994,368	973,613	1,143,021
Total primary government net (expense) revenue	<u><u>\$ (1,531,141)</u></u>	<u><u>\$ (1,361,241)</u></u>	<u><u>\$ (1,879,536)</u></u>	<u><u>\$ (781,764)</u></u>	<u><u>\$ (1,170,972)</u></u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes	\$ 3,679,765	\$ 3,497,167	\$ 3,311,349	\$ 3,200,350	\$ 3,093,482
Insurance premium taxes	926,333	870,066	803,212	751,797	719,081
Excise taxes	228,815	235,393	241,608	249,618	238,301
Franchise taxes	700,293	693,494	721,082	729,939	675,157
Other taxes	132,112	109,088	174,617	78,788	355,407
Operating Grants	46,813	19,814	-	-	-
Unrestricted Investment Earnings	78,866	104,489	9,548	5,588	4,648
Miscellaneous			89,062	202,621	25,893
Transfers	4,729	1,000,000	-	-	-
Total governmental activities	<u><u>\$ 5,797,726</u></u>	<u><u>\$ 6,529,511</u></u>	<u><u>\$ 5,350,478</u></u>	<u><u>\$ 5,218,701</u></u>	<u><u>\$ 5,111,969</u></u>
Business-type activities:					
Unrestricted Investment earnings	8,462	5,700	1,702	956	802
Gain on sale of capital assets	30,523	-	-	-	-
Miscellaneous	-	3,576	-	-	-
Transfers	(4,729)	(1,000,000)	-	-	-
Total business-type activities	<u><u>\$ 34,256</u></u>	<u><u>\$ (990,724)</u></u>	<u><u>\$ 1,702</u></u>	<u><u>\$ 956</u></u>	<u><u>\$ 802</u></u>
Total primary government	<u><u>\$ 5,831,982</u></u>	<u><u>\$ 5,538,787</u></u>	<u><u>\$ 5,352,180</u></u>	<u><u>\$ 5,219,657</u></u>	<u><u>\$ 5,112,771</u></u>
Change in Net Position					
Governmental activities	\$ 2,931,591	\$ 3,870,305	\$ 2,476,574	\$ 3,463,324	\$ 2,797,976
Business-type activities	1,369,250	307,241	996,070	974,569	1,143,823
Total primary government	<u><u>\$ 4,300,841</u></u>	<u><u>\$ 4,177,546</u></u>	<u><u>\$ 3,472,644</u></u>	<u><u>\$ 4,437,893</u></u>	<u><u>\$ 3,941,799</u></u>

CITY OF POWDER SPRINGS, GEORGIA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(accrual basis of accounting)

Fiscal Year	Property Tax	Ad Valorem	Insurance Premium	Alcoholic Beverage	Intangible	Franchise and Other	Total
2014	\$ 2,937,673	\$ 202,159	\$ 719,081	\$ 238,301	\$ 25,316	\$ 760,074	\$ 4,882,604
2015	3,102,941	144,857	751,797	249,618	31,340	675,156	4,955,709
2016	3,253,714	107,784	803,212	241,608	124,468	729,939	5,260,725
2017	3,451,159	76,301	870,066	235,393	78,795	721,082	5,432,796
2018	3,679,765	51,319	926,333	228,815	80,793	693,494	5,660,519
2019	4,480,979	54,734	999,006	240,628	88,216	700,293	6,563,856
2020	4,619,219	55,627	1,062,080	254,168	120,305	760,817	6,872,216
2021	5,129,620	59,392	1,119,606	271,964	157,620	799,245	7,537,447
2022	5,467,021	50,715	1,156,414	262,309	213,581	758,375	7,908,415
2023	6,341,837	76,019	1,400,053	282,347	123,183	839,326	9,062,765
Percentage change over 10 years	115.9%	-62.4%	94.7%	18.5%	386.6%	10.4%	85.6%

CITY OF POWDER SPRINGS, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS (modified accrual basis of accounting)

	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 156,785	\$ 285,120	\$ 292,103	\$ 184,759	\$ 295,311
Restricted	-	-	-	-	1,379
Assigned	497,963	463,103	432,000	982,727	-
Unassigned	21,042,550	18,987,057	6,612,011	5,263,008	6,508,222
Total General Fund	<u><u>\$ 21,697,298</u></u>	<u><u>\$ 19,735,280</u></u>	<u><u>\$ 7,336,114</u></u>	<u><u>\$ 6,430,494</u></u>	<u><u>\$ 6,804,912</u></u>
All other governmental funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 340,416
Assigned	16,450,153	17,173,597	7,589,772	2,039,841	2,225,426
Restricted	3,764,932	2,517,865	6,352,676	7,870,686	7,870,686
Total all other governmental funds	<u><u>\$ 20,215,085</u></u>	<u><u>\$ 19,691,462</u></u>	<u><u>\$ 13,942,448</u></u>	<u><u>\$ 9,910,527</u></u>	<u><u>\$ 10,436,528</u></u>

CITY OF POWDER SPRINGS, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS (modified accrual basis of accounting)

	2018	2017	2016	2015	2014
General Fund					
Nonspendable	\$ 280,524	\$ 282,927	\$ 261,093	\$ 249,482	\$ 250,533
Restricted	1,348	1,330	1,323	190,052	-
Assigned	133,799	-	818,583	700,365	497,932
Unassigned	5,953,851	5,097,439	3,634,638	3,851,796	4,513,986
Total General Fund	<u>\$ 6,369,522</u>	<u>\$ 5,381,696</u>	<u>\$ 4,715,637</u>	<u>\$ 4,991,695</u>	<u>\$ 5,262,451</u>
All other governmental funds					
Nonspendable	\$ 173,942	\$ 102,655	\$ 1,128,692	\$ 1,169,848	\$ 882,428
Assigned	2,646,811	2,582,509	1,125,497	395,254	-
Restricted	7,321,255	3,105,008	2,190,573	2,311,267	1,936,470
Total all other governmental funds	<u>\$ 10,142,008</u>	<u>\$ 5,790,172</u>	<u>\$ 4,444,762</u>	<u>\$ 3,876,369</u>	<u>\$ 2,818,898</u>

CITY OF POWDER SPRINGS, GEORGIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)

	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 9,054,678	\$ 7,986,918	\$ 7,582,256	\$ 6,873,863	\$ 6,562,710
Licenses and permits	1,047,703	847,274	749,083	618,677	664,765
Intergovernmental	7,845,630	5,008,339	4,973,508	3,693,549	3,724,421
Fines and forfeitures	640,550	403,156	696,463	546,833	659,295
Charges for services	1,255,577	1,033,725	1,172,165	776,534	657,224
Interest income	1,084,041	54,128	4,529	52,704	80,668
Contributions	18,750	19,598	536	8,314	-
Miscellaneous	139,481	1,405,043	72,988	128,372	75,229
Total revenues	<u>21,086,410</u>	<u>16,758,181</u>	<u>15,251,528</u>	<u>12,698,846</u>	<u>12,424,312</u>
Expenditures					
General government	3,613,704	3,439,348	3,308,697	2,175,989	1,329,154
Judicial	372,077	355,055	450,028	358,079	407,789
Public safety	2,835,448	2,250,128	2,545,120	2,687,616	2,773,223
Public works	3,842,917	2,650,673	3,710,315	2,210,480	2,271,940
Community development	312,584	66,550	41,507	357,699	1,158,873
Planning and zoning	979,772	657,800	716,909	440,405	341,543
Economic development	403,915	573,448	327,587	234,152	459,048
Culture and recreation	537,476	484,137	558,548	354,749	441,104
Capital outlay	4,582,408	1,820,636	932,573	7,099,699	1,539,687
Debt service					
Principal retirements	741,000	724,000	2,478,636	748,681	666,905
Interest and fiscal charges and cost of issuance	400,661	393,225	523,481	253,851	248,309
Total expenditures	<u>18,621,962</u>	<u>13,415,000</u>	<u>15,593,401</u>	<u>16,921,400</u>	<u>11,637,575</u>
Excess (deficiency) of revenues over expenditures	2,464,448	3,343,181	(341,873)	(4,222,554)	786,737
Other financing sources (uses)					
Issuance of long-term debt	-	-	9,853,318	-	-
Proceeds from sale of capital assets	8,725	831,585	129,784	-	9,763
Transfers in	1,749,280	1,675,812	2,883,982	2,927,866	2,193,180
Transfers out	(1,736,812)	(1,675,812)	(2,333,982)	(2,474,446)	(2,259,770)
Total other financing sources (uses)	<u>21,193</u>	<u>831,585</u>	<u>10,533,102</u>	<u>453,420</u>	<u>(56,827)</u>
Net change in fund balances	<u>\$ 2,485,641</u>	<u>\$ 4,174,766</u>	<u>\$ 10,191,229</u>	<u>\$ (3,769,134)</u>	<u>\$ 729,910</u>
Debt service as a percentage of noncapital expenditures	8.1%	9.5%	20.5%	10.2%	9.1%

CITY OF POWDER SPRINGS, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS (modified accrual basis of accounting)

	2018	2017	2016	2015	2014
Revenues					
Taxes	\$ 5,771,994	\$ 5,431,213	\$ 5,239,485	\$ 5,001,233	\$ 5,116,613
Licenses and permits	1,013,010	760,908	655,629	546,563	176,870
Intergovernmental	3,469,806	3,408,684	3,583,014	3,583,519	3,341,900
Fines and forfeitures	597,287	725,856	443,825	299,037	375,698
Charges for services	822,952	790,289	500,927	597,374	433,822
Interest income	46,813	19,814	9,548	5,588	5,006
Miscellaneous	78,866	124,489	89,062	50,233	165,794
Total revenues	11,800,728	11,261,253	10,521,490	10,083,547	9,615,703
Expenditures					
General government	993,843	909,670	883,035	803,433	702,491
Judicial	397,133	309,790	192,925	145,070	147,080
Public safety	2,884,070	3,258,480	3,314,595	2,930,581	2,426,416
Public works	1,763,655	2,423,869	2,632,913	2,137,294	3,014,287
Community development	511,885	903,150	725,680	719,860	567,966
Culture and recreation	294,944	218,999	153,103	134,372	246,712
Health and welfare	125,451	-	-	-	-
Capital outlay	391,325	1,400,596	1,798,729	1,811,370	1,463,530
Debt service	2,468,369				
Principal retirements		630,387	584,914	515,000	475,000
Interest and fiscal charges and cost of issuance	646,141	194,843	218,174	328,086	313,332
Total expenditures	10,476,816	10,249,784	10,504,068	9,525,066	9,356,814
Excess (deficiency) of revenues over expenditures	1,323,912	1,011,469	17,422	558,481	258,889
Other financing sources (uses)					
Issuance of long-term debt	4,200,000	-	257,664	3,335,000	-
Proceeds from sale of capital assets	1,738	-	17,249	152,388	5,414
Payment to refunding bond escrow agent	-	-	-	(3,259,154)	-
Transfers in	2,037,261	2,390,496	1,509,412	1,767,220	1,227,302
Transfers out	(2,032,532)	(1,390,496)	(1,509,412)	(1,767,220)	(1,227,302)
Total other financing sources (uses)	4,206,467	1,000,000	274,913	228,234	5,414
Net change in fund balances	\$ 5,530,379	\$ 2,011,469	\$ 292,335	\$ 786,715	\$ 264,303
Debt service as a percentage of noncapital expenditures	10.2%	9.3%	9.2%	10.9%	10.0%

CITY OF POWDER SPRINGS, GEORGIA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS

Fiscal Year	Residential Property		Commercial Property		Industrial Property		Other Property (1)		Less: Tax Exempt Real Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2014	\$ 185,387,966		\$ 100,020,754		\$ 6,339,141		\$ 36,385,060		\$ 12,540,943		\$ 315,591,978	8.500	\$ 788,979,945	40.00%
2015	205,395,323		100,319,231		6,236,947		33,113,218		23,397,864		321,666,855	8.500	804,167,138	40.00%
2016	236,181,400		95,825,169		5,698,954		25,796,959		17,595,379		345,907,103	8.500	864,767,758	40.00%
2017	264,306,391		97,012,606		5,288,598		21,183,422		16,256,543		371,534,474	8.500	928,836,185	40.00%
2018	305,999,834		100,550,692		5,668,619		16,655,698		30,249,724		398,625,119	8.500	996,562,798	40.00%
2019	344,080,062		102,732,721		6,126,758		14,201,291		45,471,641		421,669,191	8.500	1,054,172,978	40.00%
2020	388,521,171		111,133,620		5,876,405		12,627,459		65,678,705		452,479,950	9.500	1,131,199,875	40.00%
2021	436,065,588		113,877,536		6,182,058		11,230,716		83,579,629		483,776,269	9.500	1,209,440,673	40.00%
2022	477,859,959		120,793,706		6,588,669		10,242,875		112,116,839		503,368,370	9.500	1,258,420,925	40.00%
2023	589,561,722		129,593,123		7,451,651		10,261,979		164,994,983		571,873,492	9.500	1,429,683,730	40.00%

Source: Georgia Department of Revenue - Local Government Services - 2022 Tax Digest Summary

Note: Property in the City is reassessed periodically. Property is assessed at 40% of the fair market value; therefore, the assessed values are equal to 40% of the estimated actual value. Tax rates are per \$1,000 of assessed value.

(1) Other property consists of historic, agricultural, conservation use, utility, motor vehicle and mobile homes.

CITY OF POWDER SPRINGS, GEORGIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING¹ GOVERNMENTS
(Per \$1,000 of Assessed Value)
LAST TEN YEARS

Fiscal Year	City Direct Rate (2)	Overlapping Rates			Total Direct & Overlapping Rates
		County	School District	State	
2014	8.500	10.910	18.900	0.20	38.510
2015	8.500	10.710	18.900	0.10	38.210
2016	8.500	9.850	18.900	-	37.250
2017	8.500	9.850	18.900	-	37.250
2018	8.500	9.850	18.900	-	37.250
2019	9.500	11.450	18.900	-	39.850
2020	9.500	11.450	18.900	-	39.850
2021	9.500	11.450	18.900	-	39.850
2022	9.500	11.450	18.900	-	39.850
2023	9.500	11.450	18.900	-	39.850

Source: Georgia Department of Revenue - Local Government Services - Ad Valorem Tax Digest Millage Rates

¹ Overlapping rates are those of local and county governments that apply to property owners within the City of Powder Springs.

(2) The City does not levy a debt service millage rate and thus the full 8.5 or 9.5 is maintenance and operation.

CITY OF POWDER SPRINGS, GEORGIA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(amounts expressed in thousands)

Taxpayer	2023		Percentage of Taxable Assessed Value	2014		Percentage of Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
PS Senior Living	\$ 7,624,796	1	1.333 %			
Powder Springs MacLand Retail	4,460,000	2	0.780			
HD Development of Maryland	3,268,075	3	0.571			
Kroger Company	2,617,620	4	0.458	\$ 3,215,440	2	1.019 %
ESS Storage Acquisition Thirty Two	2,513,512	5	0.440			
Foster W M	2,271,232	6	0.397	2,601,768	3	0.824
MM&A LLC	2,218,904	7	0.388	1,258,560	8	0.399
Carter Lumber of the South	1,982,080	8	0.347			
Weingarten Realty Investors	1,831,320	9	0.320	1,455,088	5	0.461
US Business Park LLC	1,738,416	10	0.304			
Home Depot USA, Inc.				5,365,405	1	1.700
BW HVAC Real Estate Holdings				1,435,320	6	0.455
McNeel Builders, Inc				2,452,758	4	0.777
Hitachi Power Tools USA Ltd				1,290,103	7	0.409
WellStar Health System Inc				1,069,712	9	0.339
JT Kiger				1,029,732	10	0.326
Total Principal Taxpayers	30,525,955		5.338	21,173,886		6.709
All Other Taxpayers	541,347,537		94.662	294,418,092		93.291
	<u>\$ 571,873,492</u>		<u>100.000 %</u>	<u>\$ 315,591,978</u>		<u>100.000 %</u>

Source: City of Powder Springs Finance Department

CITY OF POWDER SPRINGS, GEORGIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	(1) Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 2,350,888	\$ 2,257,954	96.05 %	\$ 83,238	\$ 2,341,192	99.59 %
2015	2,478,591	2,379,309	95.99	90,167	2,469,476	99.63
2016	2,882,928	2,682,434	93.05	189,799	2,872,233	99.63
2017	2,971,544	2,931,952	98.67	28,307	2,960,259	99.62
2018	3,219,428	3,156,740	98.05	59,138	3,215,878	99.89
2019	3,873,541	3,739,408	96.54	132,584	3,871,992	99.96
2020	4,080,070	3,882,758	95.16	179,452	4,062,210	99.56
2021	4,595,875	4,297,441	93.51	262,756	4,560,197	99.22
2022	4,703,801	4,567,218	97.10	134,701	4,701,919	99.96
2023	5,474,598	5,464,115	99.81	-	5,464,115	99.81

Source: City of Powder Springs Finance Department

(1) Includes assessment adjustments

CITY OF POWDER SPRINGS, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN YEARS

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percentage of Personal Income (1)		Per Capita (1)	
	Revenue Bonds (2)	Capital Leases	Intergovernmental Contracts	Loans Payable						
2014	\$ 7,085,000	\$ -	\$ 58,046	\$ 698,808	\$ 7,841,854	2.16 %	\$ 562.54			
2015	6,850,000	-	55,251	637,772	7,543,023	2.08	541.11			
2016	6,290,000	232,750	-	574,328	7,097,078	1.96	509.12			
2017	5,710,000	182,363	-	508,266	6,400,629	1.77	459.16			
2018	9,315,000	131,222	-	439,568	9,885,790	2.73	656.78			
2019	8,700,000	79,317	-	-	8,779,317	2.42	583.27			
2020	8,004,000	26,636	-	-	8,030,636	2.21	533.53			
2021	14,777,000 (3)	-	-	-	14,777,000	4.08	981.73			
2022	14,638,490	-	-	-	14,638,490	2.92	866.85			
2023	13,851,370	-	-	-	13,851,370	1.77	820.24			

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) The calculation for Percentage of Personal Income and Per Capita is based on the most recent data available from the Demographic and Economic Statistics table.

(2) The Revenue Bonds are issued by the Downtown Development Authority, a blended component unit of the City of Powder Springs.

(3) City of Powder Springs paid off the 2014 Issue and combined it with two more bonds 2021A and 2021B totaling \$9,225,000.

CITY OF POWDER SPRINGS, GEORGIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2023

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Other debt			
Cobb County Revenue Bonds	\$ 381,355,000	1.29%	\$ 4,919,480
Cobb County Revenue Anticipation Certificates	4,485,000	1.29%	57,857
Subtotal overlapping debt	<u>385,840,000</u>		<u>4,977,337</u>
City debt			<u>13,851,370</u>
Total direct and overlapping debt			<u>\$ 18,828,707</u>

Source: Assessed value data used to estimate applicable percentages and debt outstanding obtained from Cobb County's Board of Equalization and Assessment. Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the City's boundaries and dividing it by the County's total taxable assessed value.

CITY OF POWDER SPRINGS, GEORGIA

LEGAL DEBT MARGIN LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018
Assessed value	\$ 315,591,978	\$ 321,666,855	\$ 345,907,103	\$ 371,534,474	\$ 398,625,119
Legal Debt Margin					
Debt Limit (10% of assessed value)	31,559,198	32,166,686	34,590,710	37,153,447	39,862,512
Debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 31,559,198</u>	<u>\$ 32,166,686</u>	<u>\$ 34,590,710</u>	<u>\$ 37,153,447</u>	<u>\$ 39,862,512</u>
As a percentage of debt limit	100%	100%	100%	100%	100%

Note: Under Article 9, Section 5, Paragraph 1 of the State of Georgia Constitution, the City's outstanding general obligation debt should not exceed 10% of the assessed value of taxable property within the City.

Source: Tax digest provided by the Cobb County Tax Commissioner's Office.

CITY OF POWDER SPRINGS, GEORGIA
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2019	2020	2021	2022	2023
Assessed value	\$ 421,669,191	\$ 452,479,950	\$ 483,776,269	\$ 503,368,370	\$ 571,873,492
Legal Debt Margin					
Debt Limit (10% of assessed value)	42,166,919	45,247,995	48,377,627	50,336,837	57,187,349
Debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Less: Amount reserved for repayment of general obligation debt	-	-	-	-	-
Total debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 42,166,919</u>	<u>\$ 45,247,995</u>	<u>\$ 48,377,627</u>	<u>\$ 50,336,837</u>	<u>\$ 57,187,349</u>
As a percentage of debt limit	100%	100%	100%	100%	100%

CITY OF POWDER SPRINGS, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS JUNE 30, 2023

Year	Population	Personal Income*	Per Capita Personal Income	Median Age	Unemployment Rate
		(in thousands)			
1980	3,381	\$ 23,143	\$ 6,845	29.5	N/A
1990	6,893	104,401	15,146	29.5	1.9
2000	12,481	302,040	24,200	32.0	2.9
2010	13,940	362,607	26,012	36.2	10.2
2018 (1)	15,052	N/A	N/A	N/A	4.0
2019	N/A	N/A	N/A	N/A	3.7
2020	N/A	N/A	N/A	N/A	9.7
2021	N/A	N/A	N/A	N/A	4.1
2022 (2)	16,887	501,257	29,683	38	2.5
2023 (2)	18,225	781,907	42,903	38	3.4

Source: U.S. Census Bureau and the GA Department of Labor

(1) 2018 figures are estimates

(2) Provided by City of Powder Springs Economic Development Department

N/A - information is not readily available

CITY OF POWDER SPRINGS, GEORGIA

PRINCIPAL EMPLOYERS CURRENT AND NINE YEARS AGO

Employer	2023			2014		
	Number of Employees (1)	Rank	Percentage of Total City Employment	Number of Employees (1)	Rank	Percentage of Total City Employment
PS Operator LLC (PS Center for Nursing & Healing)	220	1	5.4 %	247	1	8.9 %
Publix Supermarkets	166	2	4.1	119	5	4.3
The Home Depot #6940	147	3	3.6	122	4	4.4
The Kroger Company	127	4	3.1	127	3	4.6
Gorman Construction Co.	125	5	3.1			
Hussmann Services Corp.	103	6	2.5	157	2	5.6
Gorman Construction, Inc.	95	7	2.3			
Caldwell Insulation	75	8	1.8			
Abedi Enterprise Inc.	70	9	1.7			
Jim Luca Electrical Cont. Inc.	60	10	1.5			
Powder Springs Elementary School (3)				110	6	4.0
Compton Elementary School (3)				90	7	3.2
Tapp Middle School (3)				88	8	3.2
Star Filing				80	9	2.9
City of Powder Springs (3)				73	10	2.6
Top ten total	1,188		29.1 %	1,213		43.7 %
Other employers (2)	2,899		70.9 %	1,569		56.4 %
Total employees (2)	<u><u>4,087</u></u>		<u><u>100.0 %</u></u>	<u><u>2,782</u></u>		<u><u>100.1 %</u></u>

Source: City Department of Economic Development

Notes:

- 1 - Full-time equivalent employees
- 2 - Other employees are those holding OTC/license, less private employers shown above.
- 3 - Entities that do not require a license are no longer considered for this schedule

CITY OF POWDER SPRINGS, GEORGIA

FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018
General administration					
Council	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.0	1.0	1.0	1.0
Administration	8.3	8.3	8.0	8.5	8.0
Municipal court	1.0	1.0	2.0	2.0	2.0
Total general administration	15.3	15.3	16.0	16.5	16.0
Health and welfare					
Senior center	0.5	0.5	0.5	0.5	-
Culture and recreation					
Parks and recreation	-	-	-	-	1.0
Senior center	-	-	-	-	1.0
Museum	0.5	0.5	0.5	0.5	1.0
Total culture and recreation	0.5	0.5	0.5	0.5	3.0
Housing and development					
Community development	4.0	3.0	4.0	5.0	5.0
Economic development	1.0	1.0	1.0	1.0	1.0
Code enforcement	-	-	-	2.0	2.0
Total housing and development	5.0	4.0	5.0	8.0	8.0
Public safety					
Police	31.0	30.0	32.0	34.0	33.5
Public works					
Buildings and maintenance	-	-	-	-	2.0
Fleet maintenance	-	-	-	-	2.0
Streets	3.0	3.0	3.0	3.0	1.0
Total public works	3.0	3.0	3.0	3.0	5.0
Water & sewer					
Water	11.7	11.7	13.0	13.0	12.0
Sewer	6.0	6.0	5.0	5.0	5.0
Total water & sewer	17.7	17.7	18.0	18.0	17.0
Sanitation	7.0	8.0	8.0	10.0	9.0
Stormwater	1.0	1.0	1.0	1.0	1.0
Total	81.0	80.0	84.0	91.5	92.5

Source: City Finance Office

CITY OF POWDER SPRINGS, GEORGIA

FULL TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION LAST TEN FISCAL YEARS

Function/Program	2019	2020	2021	2022	2023
General administration					
Council	5.0	5.0	5.0	5.0	5.0
Mayor	1.0	1.5	1.5	1.5	1.5
Elections	-	-	-	-	-
Administration	6.0	10.0	13.0	13.0	12.8
Information technology	-	-	-	-	1.0
Municipal court	2.0	2.0	2.0	2.0	2.0
Total general administration	14.0	18.5	21.5	21.5	22.3
Culture and recreation					
Parks and recreation	3.0	3.0	3.0	3.0	5.0
Senior center	1.0	1.0	0.5	0.5	0.5
Museum	1.0	0.5	0.5	0.5	0.5
Total culture and recreation	5.0	4.5	4.0	4.0	6.0
Housing and development					
Community development	5.0	5.0	5.0	5.0	5.0
Economic development	1.0	2.0	2.0	2.0	1.0
Code enforcement	2.0	2.0	2.0	2.0	-
Total housing and development	8.0	9.0	9.0	9.0	6.0
Public safety					
Police	32.5	34.0	32.5	33.5	31.0
Public works					
Buildings and maintenance	2.5	2.0	2.0	2.0	2.0
Fleet maintenance	2.5	2.0	1.0	1.0	1.0
Streets	2.0	6.0	5.0	5.0	4.0
Total public works	7.0	10.0	8.0	8.0	7.0
Water & sewer					
Water	7.0	-	-	-	-
Sewer	5.0	-	-	-	-
Total water & sewer	12.0	-	-	-	-
Sanitation	8.0	9.0	9.0	11.0	11.0
Stormwater	2.0	2.0	2.0	2.0	3.0
Total	88.5	87.0	86.0	89.0	86.3

CITY OF POWDER SPRINGS, GEORGIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Building permits issued	294	372	396	403	498	407	297	400	497	450
Police										
Physical arrests	384	423	756	832	492	928	562	492	476	480
Citations issued	3,088	3,432	5,927	5,858	5,342	5,210	3,561	3,416	3,167	3,536
Refuse collection										
Refuse collected (tons per day)	23.86	23.95	24.81	25.58	27.78	29.16	28.50	31.75	26.68 ⁽¹⁾	26.00 ⁽¹⁾

(1) Does not include recycling. Numbers not readily available due to termination of contract.

N/A - information not available

Source - City Community Development Department, Police Department, Sanitation Department, Utility Billing Department.

CITY OF POWDER SPRINGS, GEORGIA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	21	28	43	43	43	34	27	27	30
Refuse collection										
Collection trucks	3	3	3	4	4	4	4	5	5	5
Streets (miles)	87	87	87	88	88	94	94	94	94	94
Streetlights	2,112	2,112	2,112	2,144	2,144	2,240	2,240	1,982 (1)	1,982	1,982
Water										
Water mains (miles)	70	70	153	153	153	153	-	-	-	-
Wastewater										
Sanitary sewers (miles)	70	70	82	82	82	82	-	-	-	-

(1) Some street lights were included in the assets sold to Cobb County with the Water and Sewer System in 2019.

Source: City Police Department, Sanitation Department, Public Works Department

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**To the Honorable Mayor and Members
of City Council
City of Powder Springs, Georgia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Powder Springs, Georgia (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Powder Springs, Georgia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is cursive and fluid, with a slight flourish at the end.

Atlanta, Georgia
December 28, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Honorable Mayor and Members
of City Council
City of Powder Springs, Georgia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Powder Springs, Georgia's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Atlanta, Georgia
December 28, 2023

CITY OF POWDER SPRINGS, GEORGIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-through or Grantor Number	Total Expenditures
U.S. Department Of Housing and Urban Development Passed through Cobb County, Georgia Community Development Block Grants	14.218	CD21-C21C8	\$ 5,000
U.S. Department of the Treasury Passed through The Georgia Governor's Office of Planning and Budget COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	14850	770,809
Total Federal Expenditures			\$ 775,809

Notes to the Schedule of Expenditures of Federal Awards

The City did not provide Federal Assistance to any Subrecipient.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Powder Springs, Georgia and is presented on the modified accrual basis of accounting which is the basis of accounting used in the presentation of the fund financial statements.

The City did not utilize the 10% de minimis indirect cost rate.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Award*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**CITY OF POWDER SPRINGS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes no

Significant deficiencies identified yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes X no

Significant deficiencies identified yes X none reported

Type of auditor's report issued on compliance
for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major program:

Assistance Listing Number
21 027

Name of Federal Program or Cluster
COVID-19: Coronavirus State and Local Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as low-risk auditee? yes X no

CITY OF POWDER SPRINGS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001 Revenue Recognition

Criteria: Internal controls should be in place to ensure that revenues are reported within the financial statements in accordance with generally accepted accounting principles.

Condition and Context: Internal controls were not sufficient to detect certain misstatements in the reporting of intergovernmental revenue and unearned revenue for the American Rescue Plan Act (“ARPA”) Fund.

Cause: During our testing of intergovernmental revenue and unearned revenue, it was noted that the amount of ARPA revenue recognized exceeded expenditures, and that the balance in unearned revenue had not changed from the prior year.

Effects: Revenues were overstated, and liabilities understated in the ARPA fund by \$2,171,496. An adjustment of \$2,171,496 was needed to correctly report ARPA revenue and unearned revenue in the ARPA Fund.

Recommendation: We recommend the City establish procedures to review all intergovernmental revenue balances as part of year-end close to determine proper reporting.

Auditee's Response: We concur with the finding. We will take necessary steps to ensure amounts are properly reported in the future.

**CITY OF POWDER SPRINGS, GEORGIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None reported



Finding: 2023-001: Revenue Recognition

Contact Person Responsible for the Corrective Action Plan: Travis Sims, Finance Director.

Corrective Action Plan: We concur with the finding. We will take the necessary steps to ensure amounts are properly reported in the future.

Anticipated Completion Date: Immediate implementation.